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December 20, 2015 ₹50



THE GREAT 4G FACE-OFF

Reliance Jio vs Bharti Airtel vs everyone else

Mukesh Ambani

Sunil Bharti Mittal


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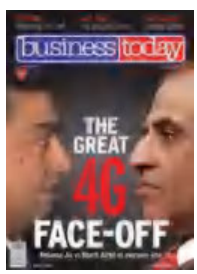
From the Editor

The New Telecom War

Sunil Bharti Mittal did not start off in business as a telecom entrepreneur – in fact, he experimented with several other trading businesses before he got around to his telecom foray. But he has built India's largest and the world's third-largest telecom company. With operations in India and 17 African countries, revenues of $15.1 billion, and a customer base of 316 million people, Bharti Airtel is a formidable player for any telecom rival. Though the Bharti Group has interests in finance, agri business and retail, it is telecom which is the jewel in the crown of Sunil Mittal.

India's richest man Mukesh Ambani, Chairman of the $62.2-billion in revenues Reliance Industries, plans to be the biggest telecom player after launching Reliance Jio, his 4G play. This is not the first time that Mukesh has tried to become a telecom leader. In 2002, before the division of assets of the Reliance empire between Mukesh and Anil, the then undivided group had launched a major play in telecom – Reliance Infocom. By all accounts, Mukesh was keenly involved in the telecom venture. But in 2005, Reliance Infocom went to Anil Ambani and the two brothers signed a non-compete agreement, which saw Mukesh stay off the telecom turf.

In 2010, the Ambani brothers decided to scrap the non-compete pact, and Mukesh entered telecom in a big way – buying out Mahendra Nahata's Infotel, which was the biggest buyer of spectrum in the 4G auctions the same year. Since then, Reliance has invested an estimated $15 billion in the telecom project, which will launch its 4G services shortly. Reliance Jio has partnered with Anil Ambani's Reliance Communications, and a number of other companies as well to make sure that his 4G services offer unparalleled experience from day one. Reliance has bought one of the big media groups in the country – The Network18 Group – to ensure content for his 4G services, and is working with a number of handset manufacturers to offer his customers special rates and choices.



Meanwhile, Sunil Mittal's Bharti emerged as the second- biggest buyer of 4G spectrum in the 2010 auctions, but it has already launched its services in 296 towns. It is aggressively wooing new customers as well as offering upgrades to its 3G customers to lock them in.

The 4G networks are promising to revolutionise data speeds, and ways of doing business, though 3G had held the same promise when it was first introduced. While 3G flattered to deceive, everyone expects 4G to live up to its promise because of the amount of money that has been already invested.

There are other players in the 4G fray – Vodafone and Idea Cellular, who are planning their own 4G services, but initially the big fight will take place between Bharti Airtel and Reliance Jio. Both are formidable players and both are using very different strategies in the 4G market. One will emerge as the clear winner, and the battle is expected to redefine the contours of the telecom landscape in the country.

Associate Editor Manu Kaushik and Senior Editor Nevin John look at the strategies and calculations the two players have made in the coming 4G battle. Read about it in our cover story which starts on page 62.

This issue also contains a number of other interesting stories. On page 24, we look at how the government is planning to increase its tax base – and the hurdles in the way. On page 50, there is a story on another war brewing – this time in the burger market. And then there is the story about how scooters made a comeback in the two-wheelers market, after having gone off the radar for many years. That is on page 86.

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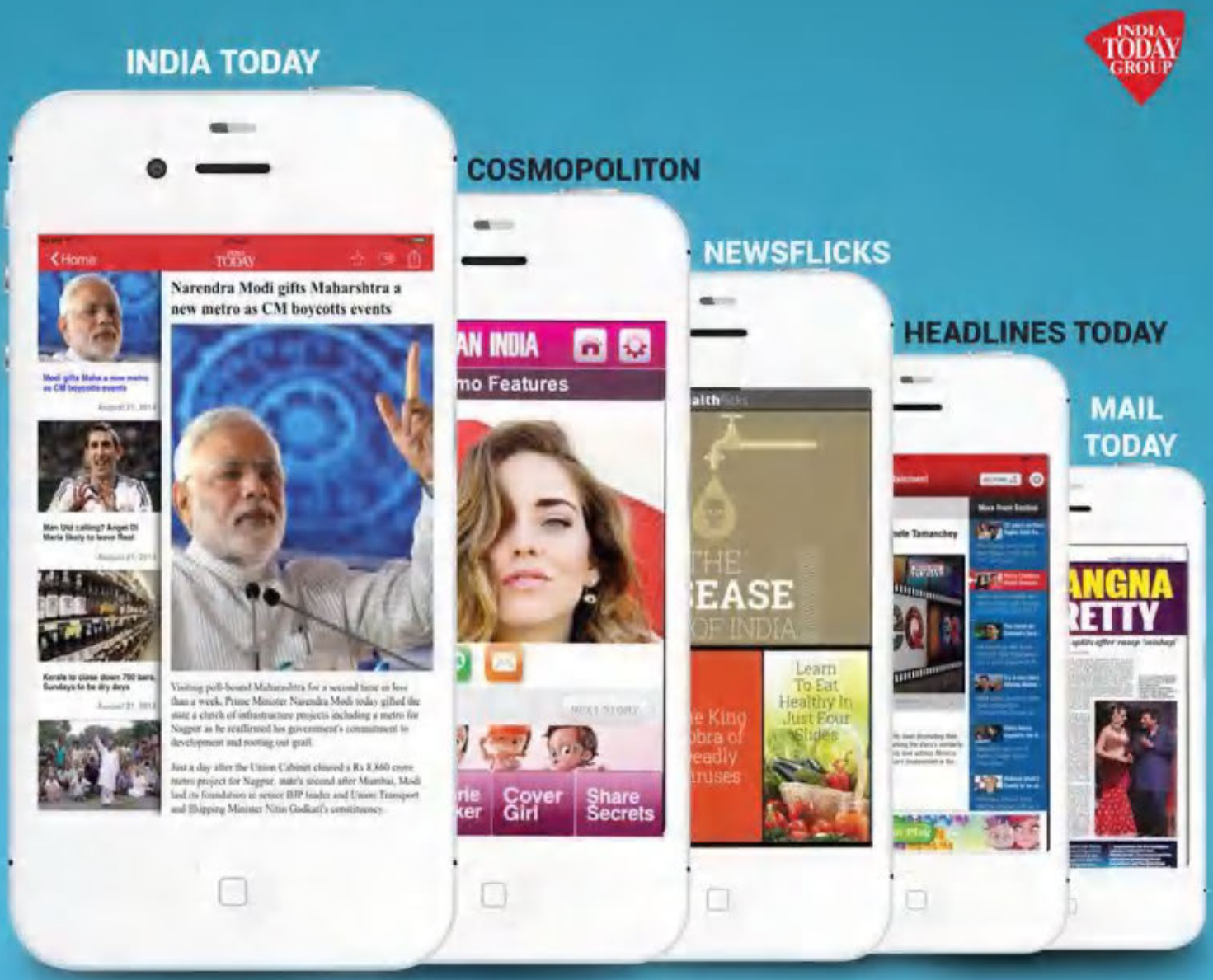
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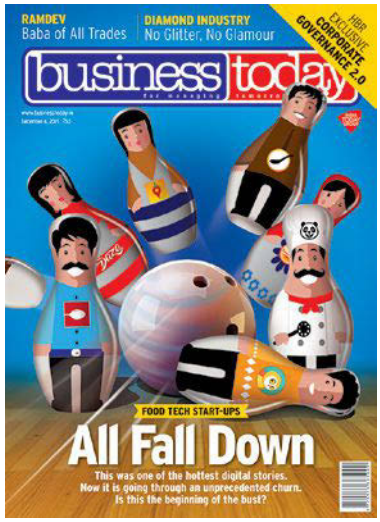
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Taxing Time for Foodies!

This refers to your cover story on food tech, one of the hottest sectors in e-commerce (*Singed*, December 6). The government has clarified that the service charge levied by restaurants is not the same as service tax. A service charge is just an additional amount that diners are forced to pay, and the money is retained by the establishment. The government has not clearly stated that the charge is illegal, but it certainly is not legal either. If this practice is not stopped, restaurants might feel emboldened to exploit customers with more arbitrary charges. Restaurants and hotels have no right to charge diners in this manner. The government must issue a directive to all eating establishments to ensure that all menu cards reflect prices that are inclusive of taxes. Also, the bill should clearly show the break-up of costs, so that customers know exactly how much tax they are paying.

Mahesh Kumar, *New Delhi*

Encashing Brand – Ramdev Way

This refers to your article on Patanjali Ayurved (*Baba of All Trade*, December 6). Baba Ramdev knows how to encash his brand, thanks to his yoga camps and now diversification into FMCG. By marketing cheaper products with Big Bazar, and launching his own brand of noodles after the Maggie controversy, Ramdev has definitely shown competitors how a smart business moves. Bigwigs of FMCG, such as Colgate-Palmolive and Nestle, better watch out for his next move, as he is slowly but gradually eating into their market share.

Bal Govind, *Noida*

Airlines Posting Profits

This refers to your article on airlines (*Flight Path to Profit*, November 22). It gave a complete picture of the aviation industry. The ways that each airline has adopted to improve the bottom line is amazing — luck has favoured some while financial strategy has paved the way to profits for a few. Altogether, it is nice to see that Indian companies are posting profits.

K.M. Muthuraman, *Chennai*

A Bleak Future?

This refers to your article on the diamond industry (*Diamonds & Rust*, December 6). The author has elaborated how this sector is facing its worst crisis. Even in Surat – the global centre of diamond cutting and polishing industry – both traders and brokers sit idle, awaiting a revival. Whether the future of this industry will be stable or will it stumble – only time will tell.

Abhinav P., *New Delhi*

Send all your comments to: editor.bt@intoday.com

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Vijay Mallya, Kingfisher Airlines, and United Breweries were declared as wilful defaulters.
I have come to know that the room next to Sahara chief Subrata Roy at Tihar jail has been unoccupied. - **Mukesh Vig,** *@vigmukesh*

NITI Aayog's Arvind Panagariya will engage in dialogue with China's think-tank DRC.
It will be a big challenge for a trade economist to take forward country's development agenda. - **Prabuddha Chaudhuri,** *@prabuch*

Indian RIys and India Post can play a game-changing role, using digital technologies.
Agree. But sometime, most underrated ones become potential game-changers!
- **Karan Mahajan,** *@karanm311967*

Pulses crisis was more man-made than natural.
Then why can't this nexus be tackled by the Government of India?
- **Laxmi Lobo,** *@Online_Florist*

Only online withdrawals for NPS from April 2016, says PFRDA.
"Until you cross the bridge of your insecurities, you can't begin to explore your possibilities"
- **Kunal Sahu,** *@kunal_sahu1*

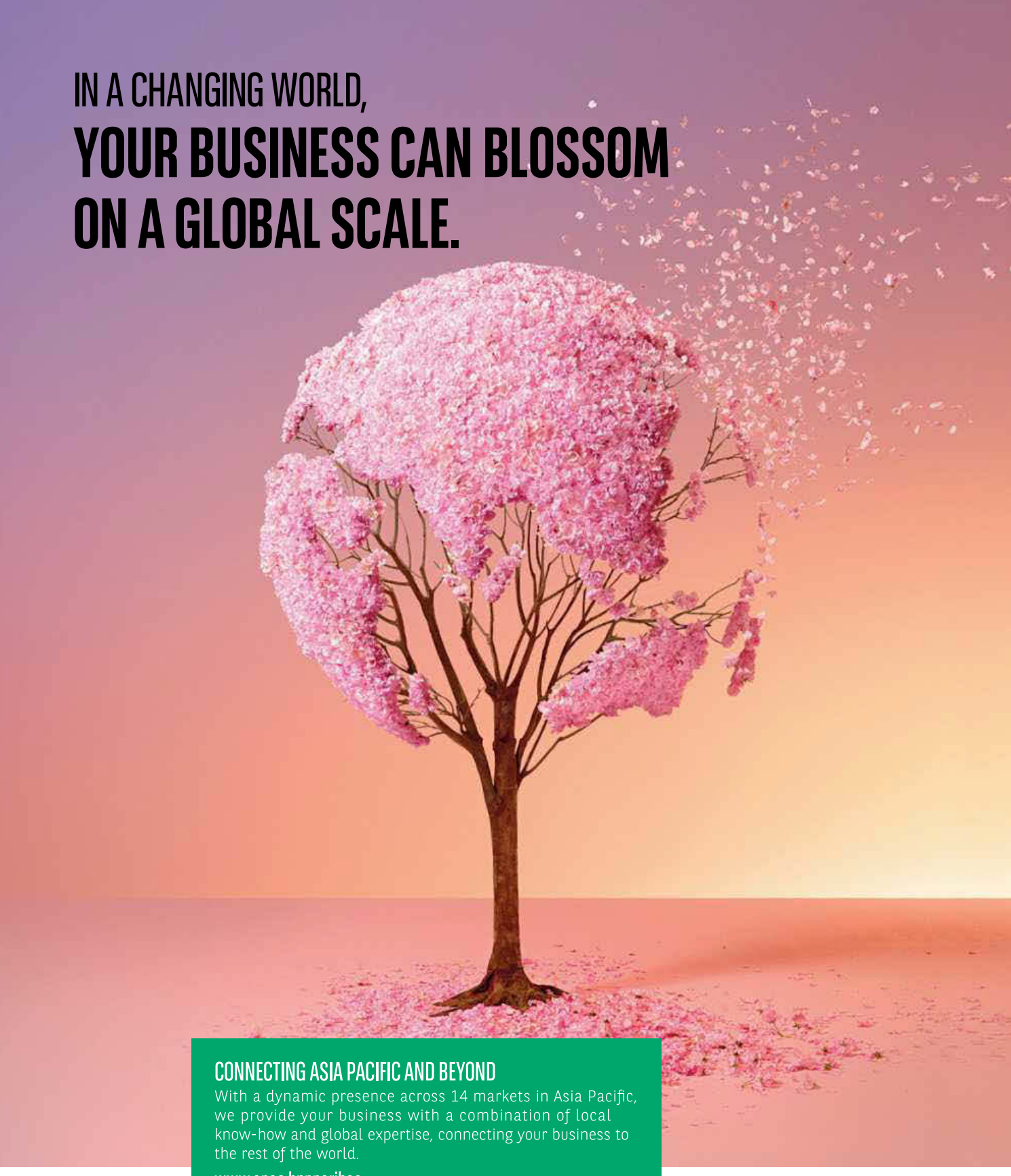
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Industries divide over government proposal on corporate tax.
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Maggi, Ramdev and FSSAI: The Travails of a Regulator without Teeth
It is time to empower the FSSAI for bringing in more transparency in the food sector.
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NEWS

Mercedes-Benz Launches the AMG GT S in India
This new-born Merc proves that racing is in its DNA.
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Government Signs 11 APAs Targeting 30 More by March 2016
It is yet another move to make the country's tax regime cordial for businesses.
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BT COLUMNS



Chhattisgarh Sterilisation Deaths: Review Process Is Still on
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The Uneasy Norms of Doing Business
The environmental damage caused by the World Bank-aided Sardar Sarovar project is yet another continuing concern, says **Joe C. Mathew.**
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THE MOTHER OF ALL DRUG DEALS

The **$160 BILLION** merger between Pfizer, makers of Viagra, and Allergan, makers of Botox, will create the biggest global pharma company. It is also being called a tax dodge because the much smaller Allergan will take over Pfizer on paper, to make sure that the combined company is taxed in Ireland in future, and not in the US, where tax rates are much higher.



BATTLE IN OUTER SPACE

Amazon's Jeff Bezos claimed his company Blue Origin became the first organisation to successfully land a used rocket back on Planet Earth. Tesla founder Elon Musk claimed his firm Space X had done it even earlier. Both entrepreneurs are looking at dominating space travel, whenever it happens.



THE WRONG QUESTION

The answer, from at least half the audience was Yes. Rahul Gandhi was expecting it to be No when he asked students at Bengaluru's Mt Carmel College if they thought Prime minister Modi's Swacch Bharat and Make in India programmes were working.



AJAY THAKURI

MARS WILL LOSE A MOON, GAIN A RING

Astronomers predict that the larger of Mars' two moons, Phobos, will disintegrate in a couple of hundred million years. It will be replaced by a distinct ring when it finally breaks up.



THE $2.3 TRILLION PREDICTION

A report by Swiss wealth manager Julius Baer says that the Indian high net worth individuals will be worth that much by 2020. It also says that the wealth of the super rich in India will grow at a faster pace than those in China

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30 – 11

COMBATING GLOBAL WARMING

WHAT: 21st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change
WHEN: November 30 – December 11, Paris, France
WHAT TO LOOK FOR: France plays host to and presides over the 21st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21/CMP11), also known as as "Paris 2015". COP21 is critical for its objective of achieving a new international agreement on the climate which will be acceptable and applicable to all countries, with the target of keeping global warming below 2°C. France will be looking to arrive at a consensus across the nations, the United Nations, as well as within the European Union.

8 – 9

FIGHTING GRAFT

WHAT: 17th Anti-Corruption Working Group Meeting
WHEN: December 8-9, Nairobi, Kenya
WHAT TO LOOK FOR: Brings together the private sector, government representatives, international organisations as well as the civil society to discuss areas of mutual cooperation against corrupt practices and to bring about greater transparency and create a corruption-free society.

3

FOOD FOR THOUGHT

WHAT: 9th Foodworld India
WHEN: December 3, New Delhi
WHAT TO LOOK FOR: As Indian economy grows it creates greater prosperity and enhances the capabilities of its population to consume more food. That's giving rise to an enormous food industry within the country. Foodworld India is coming together of the global food business community to capitalise on the immense potential the food processing sector offers.



2 – 3

DESIGNED TO SUCCEED

WHAT: 15th CII-NID Design Summit
WHEN: December 2-3, New Delhi
WHAT TO LOOK FOR: The Summit will deliberate on design's critical role in sustainable business, innovation, growth through design and creating new paradigms in manufacturing. Discussions will centre around how good design can improve new product development, new market creation, go-to-market mechanisms for new ideas, and creation of product-service eco-systems. This year's theme is: "Make in India" Making it Happen by Design.



7 – 8

PUTTING CLIMATE FIRST

WHAT: Caring for Climate Business Forum
WHEN: December 7-8, Paris, France
WHAT TO LOOK FOR: Businesses and investors get an opportunity to meet with governments and civil society under the auspices of the UN to advance the climate agenda. Comprising of plenary and thematic sessions, the forum provides a platform to the corporate sector to highlight progress and announce new commitments.

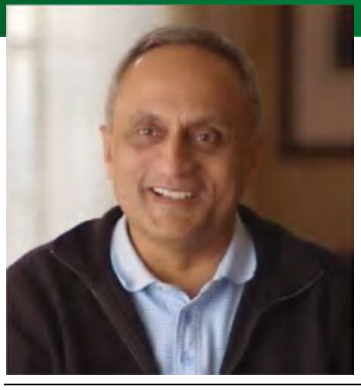
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Manoj Bhargava
Billionaire, Philanthropist



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LONG ON INDIA

FIIs are still upbeat on India despite the bearish sentiment on Dalal Street.

By MAHESH NAYAK



AJAY THAKURI

Indian equities have been exceedingly volatile recently. In the past four months, the bulls have been jittery and the bears have clearly had the upper hand. The benchmark BSE Sensex, the barometer for the Indian stock market, has tumbled eight per cent in the July to November period. The positive cues have all been ignored – India overtaking China to emerge as the fastest growing major economy, inflation being reined in and the central bank changing its monetary policy stance and paring rates to support growth. Indeed, foreign institutional investors (FIIs), the lifeline of the Indian equity market, have turned net sellers and pulled out $3.5 billion in the past four months.

So, why has the market lost steam? Experts point out that Dalal Street is concerned about the likelihood of the US Federal Reserve finally raising rates. This could lead to an ouflow of FII funds from the emerging markets into the US. Corporate earnings in India have also disappointed investors, both domestic and global. Indeed, the July to September period was the fourth quarter in a row that Sensex companies have recorded negative sales growth. Then, the inability of the Modi government to push through crucial reforms in Parliament has also added to the gloom.

But, it's important not to have a myopic view of India and the Indian markets. India is not an isolated market and isn't decoupled from other countries. Yes, India has corrected but it is not alone. The global commodity crash has taken its toll on emerging markets. In fact, barring Hungary (up 30 per cent) and Russia (up 17 per cent), all country indices in the MSCI Emerging Market Index have been down between 3 to 60 per cent in 2015. The reason is the near synchronous massive outflow of funds by global investors from emerging markets.The MSCI index is designed to measure equity market performance in global emerging markets and is tracked by most FIIs.

Stock market analysts say that in the last five months global emerging funds have sold off $60 billion worth of equities, which exceeds the prior record annual outflow of $39 billion in 2008. "This year emerging markets witnessed a massive outflow of nearly $80 billion," says Avinash Gupta, Managing Director, Head of India Equity Sales at Merrill Lynch.

But, to put things in perspective, despite the massive FII outflows from emerging markets, India is still going strong. In fact, India appears to have weathered the current commodity crisis well. It shows how resilient the domestic equity market has become since the global financial crisis (GFC) in 2008. This is evident from a closer look at the facts. In 2015, so far, the Indian equity market is down 6 per cent. FII flows in the period have been positive with a net inflow of close to $4 billion in Indian equities. This, at a time, when most global emerging funds have seen net outflows from investors to the tune of $80 billion. This is in contrast to 2008 when, in the wake of the GFC, FIIs pulled out $12 billion from the Indian equity market and the BSE Sensex slumped over 50 per cent. Then, the emerging funds had seen a sell-off of $39 billion. (See *India on Strong Footing.*)

This clearly indicates that FIIs are still positive on India and Indian equities compared to other emerging nations. This is largely because peers such as Brazil, China and Russia are faced with slowing economic growth and are also bogged down with pressing domestic issues.

The other positive for India has been the greater participation of domestic funds. The mutual funds in 2015 have played a pivotal role in the Indian equities market.

INDIA ON STRONG FOOTING

	Commodity Crisis (2015*)	Global Financial Crisis (2008)
OUTFLOW FROM GLOBAL EMERGING FUNDS	$80 billion	$39 billion
FII FLOWS INTO INDIA	$4 billion	($12 billion)
MUTUAL FUND INVESTMENTS IN INDIA	$8.8 billion	$2.9 billion
BSE SENSEX	-6%	-52.50%

*January to November; Source: Sebi, NSDL & Market sources

In 2015, so far, domestic mutual funds have invested close to $8.8 billion in equities, compared to $2.9 billion during the GFC in 2008. This has largely to do with the greater flows into domestic funds this year. Investors have pulled money out of underperforming assets such as real estate and gold and turned to equities. This has helped in restricting the fall in the Sensex. "Indian market may be expensive, but it's well-placed to take advantage of the imbalance in the world given its demographic profile and its appealing domestic economy," says Mark Matthews, Head of Research at Julius Baer, a Swiss bank that operates wealth management services in India. Geoffrey Dennis, Managing Director, Head of Global Emerging Markets Strategy at UBS Investment Bank, adds: "India is very well owned. Despite the recent sell-off, FIIs exposure to India is 50 per cent more than the country weightages in MSCI Emerging Market Index."

So, despite the current turmoil in the market, FIIs still appear to be long on India and are hoping that the country will continue to deliver high economic growth. ◆

@maheshnayak



AJAY THAKURI

Defending the Web

Preventing cyber attacks is impossible. However, companies can minimise the damage. By GOUTAM DAS

ONLINE SECURITY IS NOT A PART OF THE CULTURE OF MANY ORGANISATIONS

It is becoming an all-too-familiar script. In November, malware intruded point-of-sale systems in over 50 Starwood hotels in North America. The malware, according to the company, "was designed to collect certain payment card information, including card-holder name, payment card number, security code and expiration date". Earlier this year, Ashley Madison, a website that helps people have extramarital affairs, was hacked. Sony Pictures, too, went through a nightmare last year after malware from a group called 'Guardians of Peace' stole its data and unreleased films.

These incidents highlight both the rise in cyber crime and the reactive approach of enterprises. Starwood, for instance, said that "promptly after discovering the issue, we engaged third-party forensic experts to conduct an extensive investigation". This, despite warnings from a number of online security software companies. Symantec, for instance, says that globally, five out of every six large companies were targeted with spear-phishing attacks in 2014, a 40 per cent jump over the previous year. These attacks are now likely to move from workstations to wearables and devices connected to the Internet of Things (IoT).

"While there has not been a surge in IoT and wearable attacks yet, by 2020 we may see these systems reach substantial enough penetration levels to attract attackers," says a report from security software vendor McAfee. It could be a disaster for companies in many sectors, including manufacturing – imagine what could happen if a connected car gets hacked!

Data breaches at these large enterprises

CHANGING ATTACKER PROFILES



Increasing Resources and Sophistication

RECREATIONAL
- Fame and notoriety
- Limited technical resources
- Known exploits

CRIMINAL
- Vandalism
- Limited technical capabilities

HACKTIVIST
- Statement
- Relentless, emotionally committed
- Vast networks
- Targeted attacks

ORGANISED CRIME
- Economic gain
- Significant technical resources and capabilities
- Established syndicates
- Adware, crimeware, IP theft

STATE SPONSORED
- Cyber war, state secrets, industrial espionage
- Highly sophisticated
- Nearly unlimited resources
- Advanced persistent threats

Source: McAfee

underscore what Sergey Novikov, an executive from Kaspersky Lab's research and analysis team, calls a "philosophical point" – there is no 100 per cent protection against cyber crime. At best, one can minimise the impact, as cyber criminals will find a way around any defence. This, after all, is their bread and butter. They are one step ahead of security officers.

There are reasons why cyber criminals have an upper hand. Online security is not a part of the culture of many organisations – it is, for instance, rarely discussed in boardrooms. Forget CXOs, even tech professionals, trusted with securing the company's infrastructure, can make mistakes. Often, they forget to install software updates. At times, the updates may be incompatible with the old hardware, and the CFO may not sanction money to buy new hardware. All this is easy fodder for criminals who are typically hardcore programming geeks with access to research. Also, even if you are not a brilliant tech guy, several tools are available. In a report, McAfee says, "Off-the-shelf tool kits for malware, affiliate programmes for ransomware, fill-in-the-blank attack-creation programmes have been showing up in the dark web to support faster distribution of attacks. It now takes very little skill to be a cyber criminal."

A MEDIUM TO LONG-TERM APPROACH WOULD BE TO TRAIN EVERYONE IN THE ORGANISATION ON BEST PRACTICES FOR CYBER SECURITY

What is even scarier is that in cases where cyber crime is state-sponsored, the perpetrators have access to unlimited resources. In the Sony Pictures hack case, for instance, the United States had pointed a finger at North Korea.

So, what can one do to minimise the damage, which need not always be in terms of money? The reputation of a firm as well as employee productivity may be hit. In cases such as Ashley Madison, it could be a personal setback for users.

The first step should be to follow the rule book – making sure that the maintenance engineer doesn't forget to install software updates. A medium to long-term approach would be to train everyone in the organisation on best practices. This could start with a simple presentation the day the employee joins, but must get more nuanced over time, says Saurabh Agarwal, Founder and Managing Director, SkillCube, a company engaged by companies to train employees on cyber security. This means that the training for a finance executive who has little knowledge about technology has to be different from that for an engineer.

At any rate, proactive cyber crime prevention is far better than reactive action and statements like the one issued by Starwood. ◆

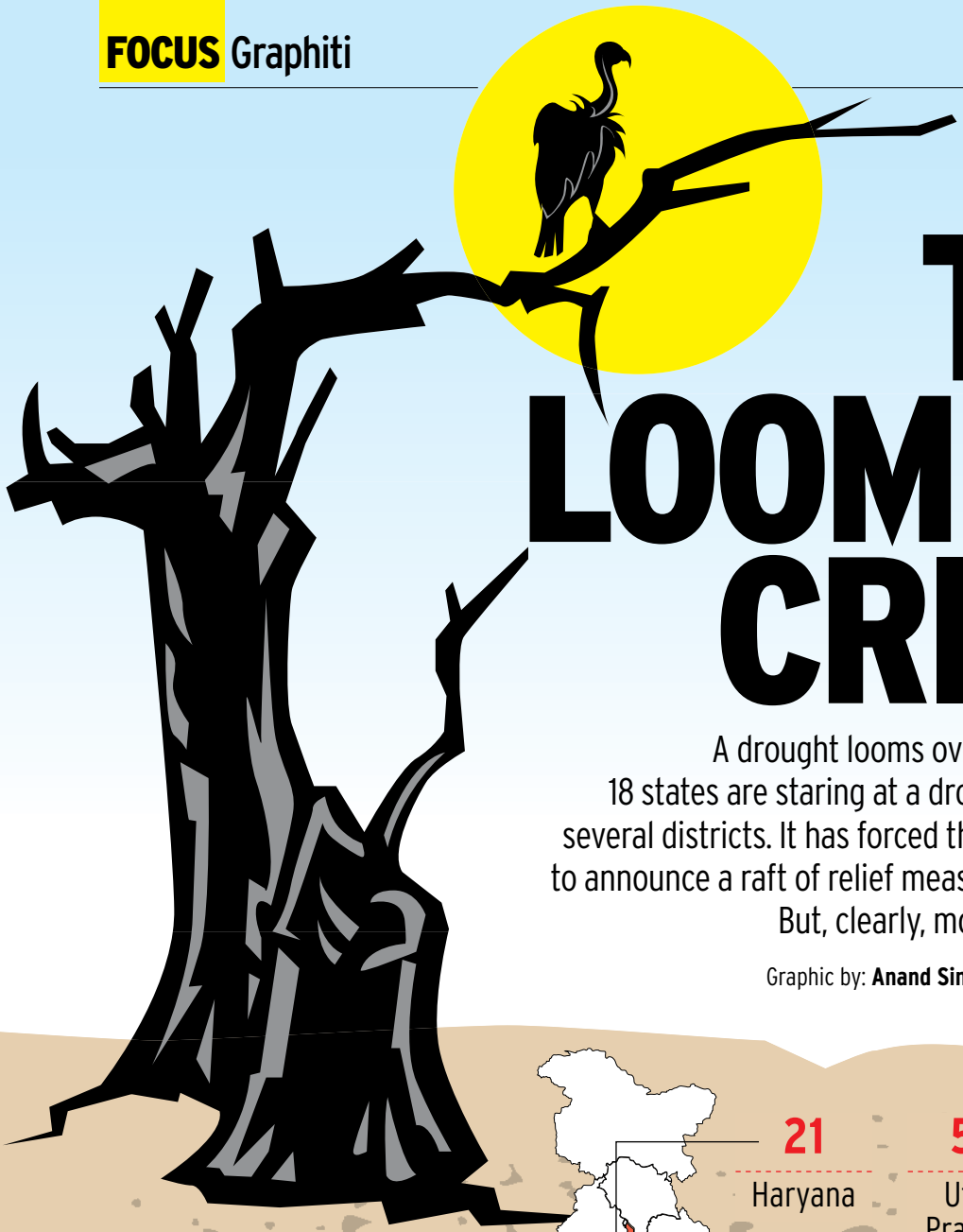
@Goutam20

CYBER CRIME ECONOMICS

Once a vulnerability is discovered, it is sold to criminals for exploitation

VULNERABILITY TYPE	PRICE FOR ZERO-DAY EXPLOIT
Adobe Reader	$5,000 - $30,000
Mac OS X	$20,000 - $50,000
Android	$30,000 - $60,000
Flash or Java Browser Plug-ins	$40,000 - $100,000
Word	$50,000 - $100,000
Windows	$60,000 - $120,000
Firefox or Safari	$60,000 - $150,000
Chrome or Internet Explorer	$80,000 - $200,000
iOS	$100,000 - $250,000

(Quoted prices in 2013); Source: McAfee

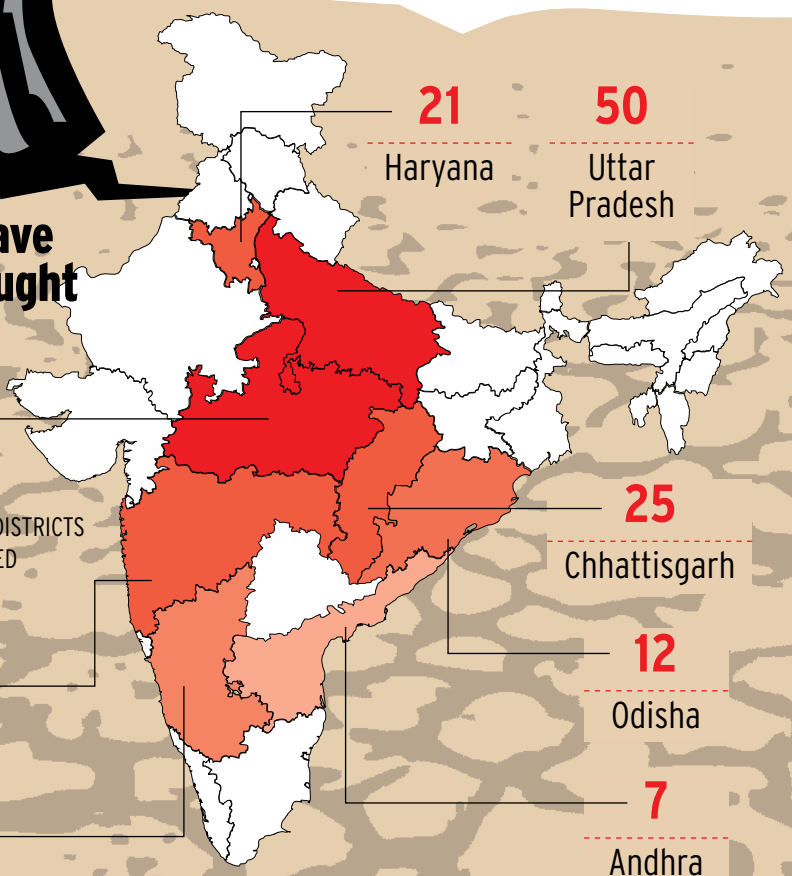


THE LOOMING CRISIS

A drought looms over half of India. Some 18 states are staring at a drought like situation in several districts. It has forced the Union government to announce a raft of relief measures for the farmers. But, clearly, more needs to be done.

Graphic by: **Anand Sinha** Research by: **Niti Kiran**

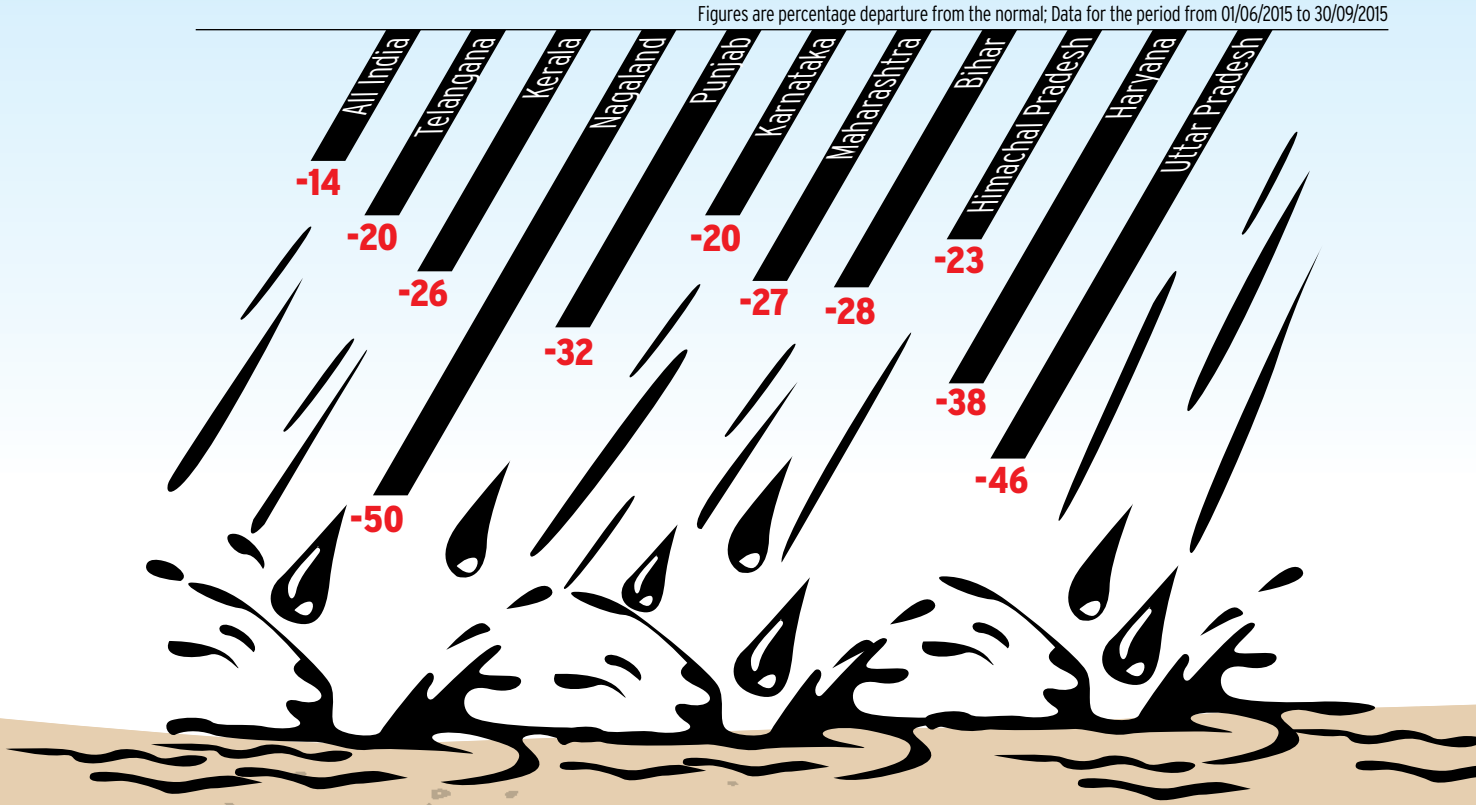
1) Eight states have declared a drought till now



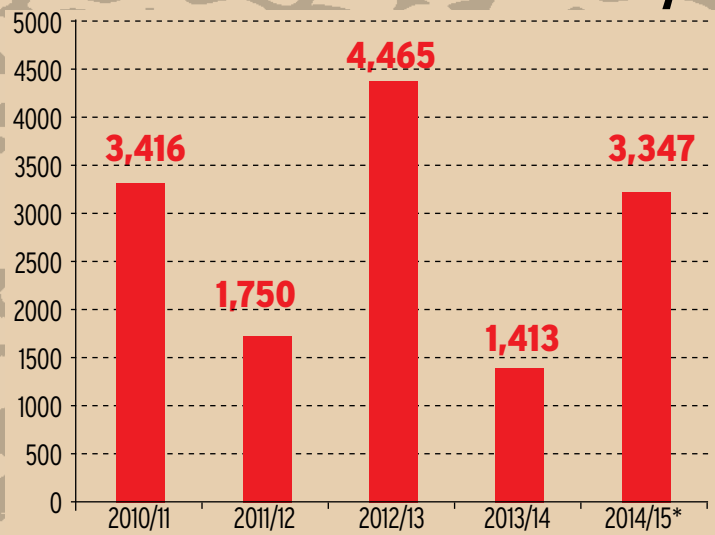
Source: IMD, Rajya Sabha replies, Department of Agriculture, Cooperation & Farmers Welfare

2) Nearly 272 of the 641 districts in the country, spread across 18 states, have witnessed deficient rainfall

Figures are percentage departure from the normal; Data for the period from 01/06/2015 to 30/09/2015



3) The Union government is likely to roll out a substantial monetary package for farmers. It has been an annual feature recently

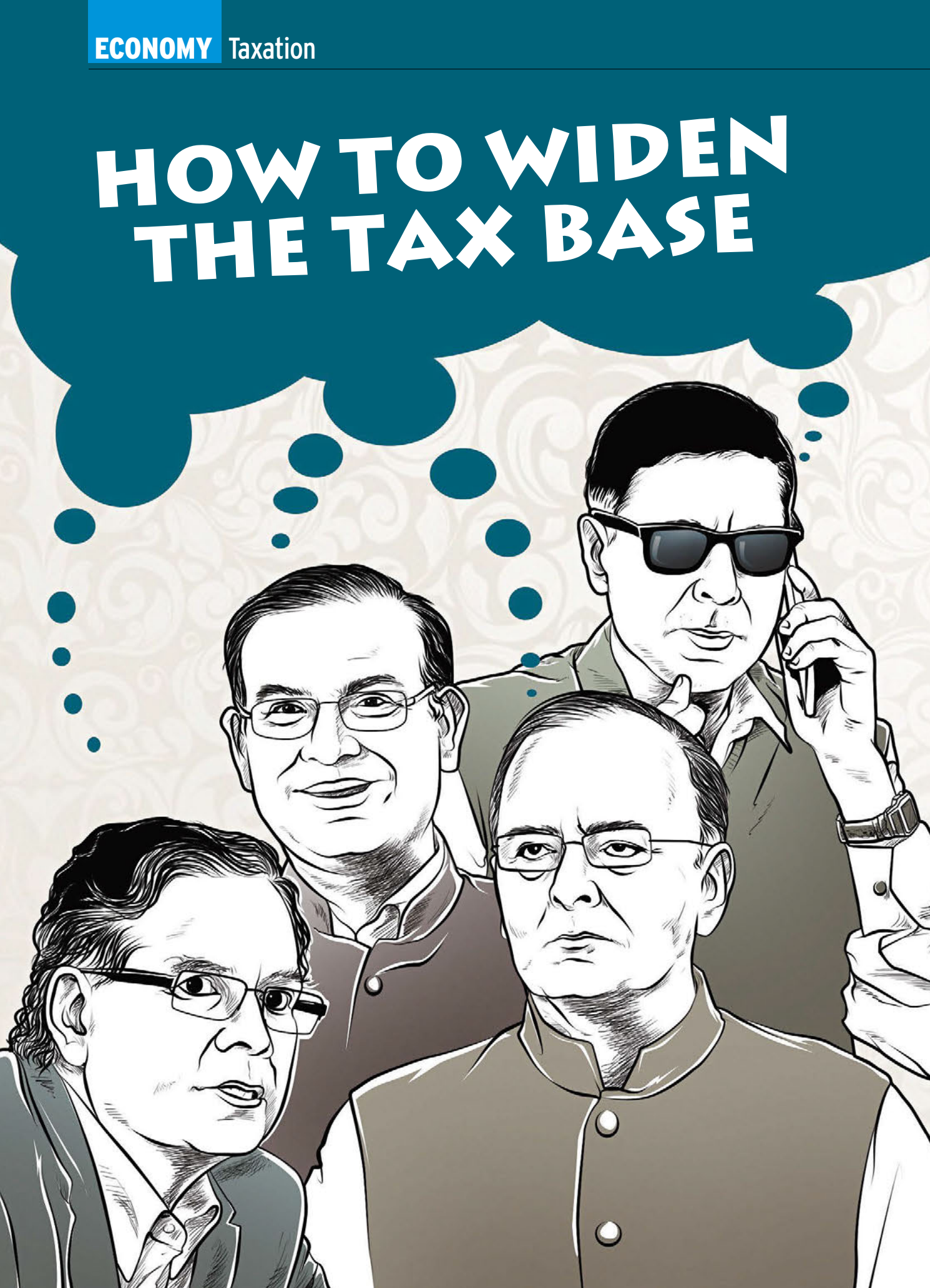


*Figures for Uttar Pradesh, Karnataka, Haryana, Maharashtra and Andhra Pradesh only; National Disaster Response Fund (NDRF) assistance from 2010/11 to 2014/15
Figures in ₹ crore

ALREADY, THE GOVERNMENT HAS TAKEN A NUMBER OF STEPS TO PROVIDE RELIEF TO FARMERS

- Allocation of additional days of work under MGNREGA to households in drought affected areas
- Diesel Subsidy Scheme for farmers in affected areas
- Enhancement of ceiling on Seed subsidy
- Interventions for saving perennial horticulture crops
- Implementation of additional fodder development programme
- Flexible allocation under Rashtriya Krishi Vikas Yojana (RKVY) and other centrally sponsored schemes
- Crop contingency plan
- Availability of seeds and other inputs for kharif crop in 2015

HOW TO WIDEN THE TAX BASE



The Base Effect

The finance ministry's effort to widen the tax base and bring tax evaders under the net is a welcome move, but it would also require more efficient and transparent functioning of the taxman.

By JOE C. MATHEW

Rajinder Kumar (name changed), an income tax officer, was back in his Delhi office by 7 am on September 29, 2015, barely six hours after he had left for home the previous day. He had less than 48 hours to complete a task – to serve notices to hundreds of taxpayers whose names were fished out by the Centralised Processing Center (CPC) of the Income Tax department in Bangalore.

The CPC had carried out an automatic scrutiny of 37 million taxpayers for the assessment year 2014/15 and had pulled out the records of 2 per cent, or 0.7 million, for scrutiny. The task was distributed among 18 regions of the Central Board of Direct Taxes (CBDT) across the country.

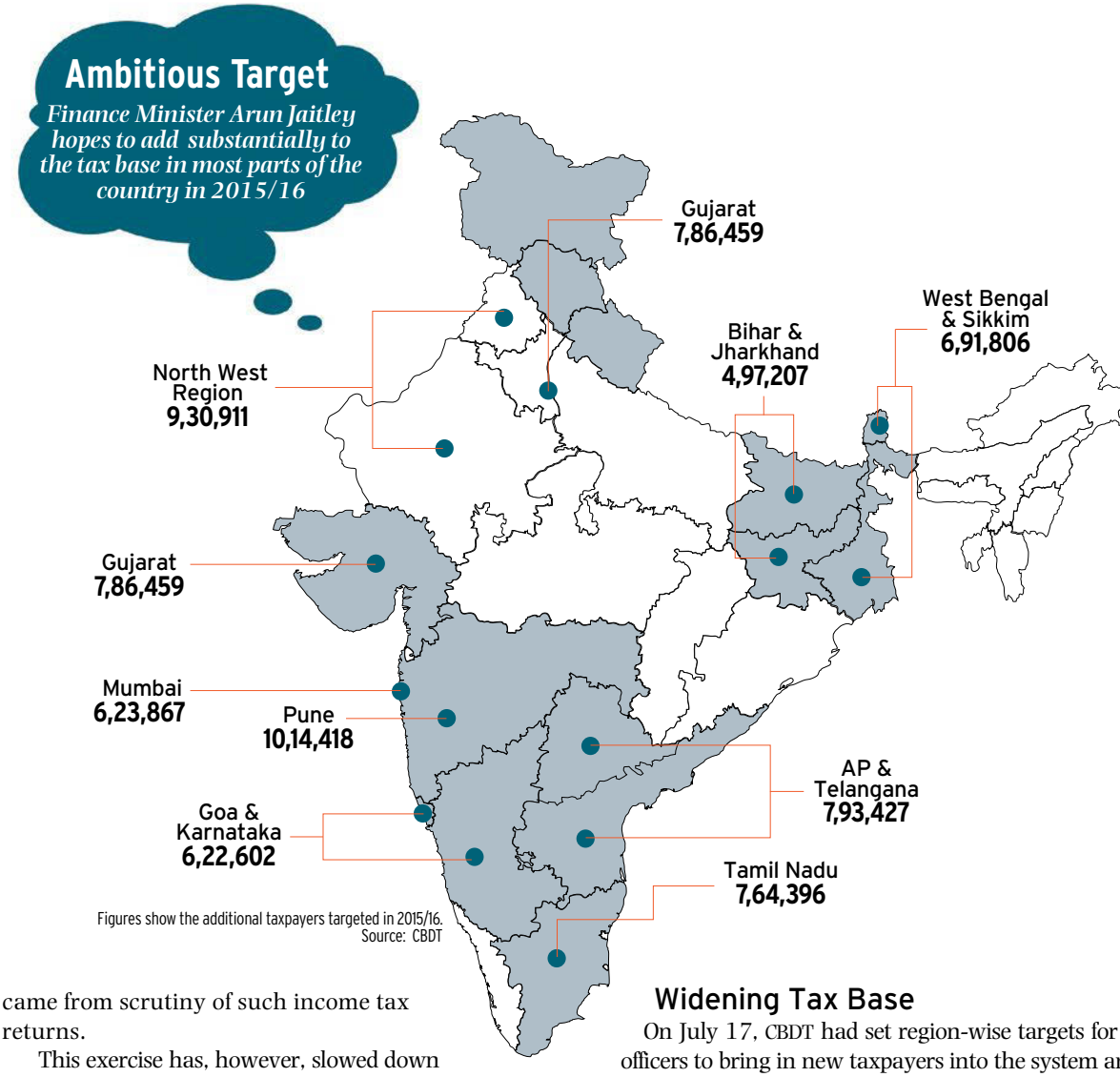
Kumar's team members, who were physically handing over notices as was required by the law, were racing against time. The second tranche of names, addresses and phone numbers had reached them in mid-September, at a time when they were still to take action on the first list that had arrived in August. Besides, 20-30 per cent of the addresses were of PAN holders who were outside their jurisdiction. To add to their woes, a Delhi High Court order of March 5 had demarcated the jurisdiction of I-T officers, and had observed that notices that were not served within six months of the assessment period (on or before September 30) had no value.

When *Business Today* caught up with Kumar, he had a list of 400-plus notices, out of which 100 were beyond his jurisdiction. He not only had to collaborate with his counterparts in other regions of the country, but also had to deal with invalid addresses or phone numbers.

Like Kumar, over 20,000 officers and support staff across India, had hit the road during August and September to serve the I-T notices on time. In 2013/14, their efforts had paid rich dividends with CBDT collecting ₹72,528 crore through tax demands, a majority of which



ILLUSTRATIONS BY AJAY THAKURI



Figures show the additional taxpayers targeted in 2015/16.
Source: CBDT

came from scrutiny of such income tax returns.

This exercise has, however, slowed down the progress of a much bigger initiative by Finance Minister Arun Jaitley – to expand India's taxpayer base – because the same set of officers was expected to focus its energies on it. "We have neither the motivation nor the manpower to take up additional responsibilities like widening of the tax base," says Ajay Goyal, President, Income Tax Gazetted Officers' Association (ITGOA), the only recognised employees' union for the mid-level officers of CBDT. ITGOA and the Income Tax Employees Federation of the non-gazetted employees, which claim to represent 97 per cent of the total workforce in the department, have been agitating over delays in promotions, better infrastructure and manpower to handle the ever-increasing responsibilities. They called off their protest on November 3 after the government assured them of addressing their concerns by March 31, 2016. Incidentally, Prime Minister Narendra Modi has also talked about the need for a performance-linked appraisal system for income tax officials.

Widening Tax Base

On July 17, CBDT had set region-wise targets for its officers to bring in new taxpayers into the system and, in the process, widen the taxpayer base. The Pune circle was asked to add one million (10,14,418) new taxpayers during 2015/16 – the highest target in the country. India's total target stood at 10 million. While there are no official estimates of the additional revenue that this could translate into, officials say that the department's annual target was ₹25,000 crore over and above the budgetary target, from additional and more effective scrutiny of I-T returns since the past two years.

The government's income tax collection target for 2015/16 is ₹7.98 lakh crore. It has projected a gross tax revenue (direct and indirect tax) of ₹14.5 lakh crore. Direct tax, which includes corporate tax and individual income tax, accounts for approximately 55 per cent of the government's tax revenues. The rest comes from indirect taxes – customs and excise duties, service tax, etc.

CBDT Chairperson, Anita Kapur, who does not share the associations' apprehensions, is confident of achieving this target by the financial year-end. "Widening tax base



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is a continuous process. It is doable. We are hoping to achieve the one crore (new assessee) target," she says.

Expansion of the tax base and the taxpayer base have been discussed by governments, parliamentary and finance ministry panels and expert committees, such as the Tax Administration Reform Commission (TARC), for several years now. The government covered some ground in expanding the service tax base by introducing a negative list of exempted services. Transfer pricing, minimum alternative tax, and plans to unearth black money are all various manifestations of the central government's desire to widen the tax base. The introduction of Goods and Services Tax (GST) is also expected to widen the tax base, lower tax rates, increase the compliance level and generate more revenues. However, much remains to be done in widening the direct tax base.

TARC Chairman Parthasarathi Shome convincingly argues for an expanded tax base in the committee's third report submitted in November 2014. "In the last 10 years, direct tax collection has increased by more than 700 per cent (from ₹69,198 crore in 2001/02 to ₹5,58,965 crore in 2012/13), but the number of taxpayers has grown by only about 35 per cent," the report states. It says the total number of taxpayers in the lowest income slab, i.e., income of up to ₹5 lakh per annum, comprises 98.3 per cent of total taxpayers and accounts for 10.1 per cent of tax revenues. The figures point to the narrowness of the income tax base in revenue terms and its adverse impact on tax buoyancy.

The government's top ranking advisors – Arvind Subramanian, Chief Economic Advisor, Ministry of Finance, and Arvind Panagariya, Vice Chairman, NITI Aayog – are, however, both in agreement when it comes to the easiest solution to expand tax base: Implementation of GST. Once the glitches and teething troubles of GST are over, they feel that the tax reform will widen the tax base and generate additional annual revenues of about 1.5 per cent of gross domestic product (GDP).

"Widening tax base is a continuous process. It is doable. ***We are hoping to achieve the one crore (new assessee) target"***

ANITA KAPUR, Chairperson, CBDT



The Defaulters

In March 2013, the then Finance Minister had proposed a 10 per cent surcharge that would be applied to people with an annual income of at least ₹1 crore. The assessment was that it will apply to only 43,000 individuals in India. The Shome panel argues that the number of *crorepatis* would have been at least three times the estimates back then.

As compared to 39 per cent in Singapore, 46 per cent in the US and 75 per cent in New Zealand, only 3.3 per cent of India pays tax. It is true that a vast majority of Indians are poor, but the TARC report estimates that at least 7 per cent of the population should come under the tax net, as only a fraction – 37 million – of the 220 million permanent account number (PAN – the 10 digit alphanumeric code that uniquely identifies a taxpayer) holders currently file tax returns.

Stating that tax defaulters owing tax above ₹10 crore are regularly monitored, Minister of State for Finance Jayant Sinha said that in cases where the taxpayer is not traceable or have no assets, or inadequate assets, the names of such tax defaulters are placed in the public domain as per the prescribed guidelines. "The income tax department published a list of 18 defaulters in March and 31 in April 2015," Sinha said.

Out of the 7.2 lakh operational firms registered with the Registrar of Companies (ROC) in 2011, only 3.76 lakh were corporate tax payers. In 2012, the numbers were up by 8.01 lakh and 5.85 lakh, respectively. All were legally required to file returns.

The problem of non-filing is universal. In fact, only 33 per cent of registered persons under the service tax net filed returns in 2012/13, at a time when many services became taxable following the shift to the "negative list". Similarly, more than 50 per cent registered central excise taxpayers are known to be tax defaulters.

The missing taxpayers begin with a few thousand high net worth individuals to several lakhs of unregistered merchants, family-owned businesses and professionals who predominantly transact in cash. Rich farmers

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are the other segment. "There are flourishing informal market ecosystems – paying-guest accommodations, *dhabas*, *kirana* stores, stationery shops, etc. –around every major institution, be it university, hospital or industry. Majority of them do not pay taxes. We need to get them into the system," says a former CBDT chairman, who did not wish to be identified.

"Some 15-20 years ago, the income tax department had a practice of carrying out door-to-door surveys in market areas to identify such potential tax defaulters," he says, adding: "The surveys were not supervised, so they were not always fairly carried out. On the other hand, when it was fair, the officials faced hostile traders, even threats of physical assaults." The imperfection in the system, and the practical difficulties in implementing it, resulted in the CBDT abandoning the practice altogether. Instead, it uses less intrusive ways of approaching potential taxpayers today.

> *"Time has come to think how you recognise and reward.* ***your honest tax payers...to increase compliance"***
>
> **KULDIP KUMAR**, Leader Personal Tax, PwC

The Game Plan

The CBDT's decision to add 10 million new tax payers in 2015/16 could be too ambitious, but the numbers do keep getting added every year. For instance, the number of new assesses added in 2012/13 was 3.2 million. It was 1.9 million in 2011/12. According to the annual report of the finance ministry, in 2014/15, 0.86 million new assesses were added till October 30, 2014.

The decision to target 10 million new tax payers this year was not taken on the basis of any random thought. The existing tax base in a particular region, the absolute numbers of new taxpayers added during the previous years and the number of people with potential tax liabilities were all taken into account while arriving at the region-specific targets.

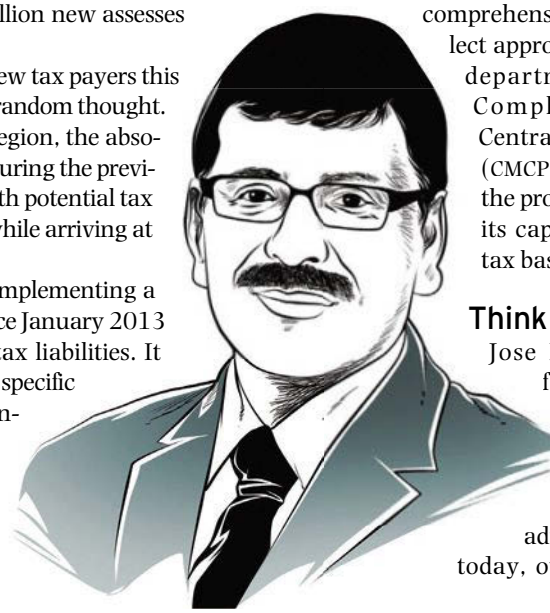
In fact, the department has been implementing a Non-filer Monitoring System (NMS) since January 2013 to identify non-filers with potential tax liabilities. It collects data from various agencies on specific financial transactions in the form of annual information return (AIR). Collection of information on high-value transactions from third parties by its dedicated wing, Central Information Branch, or CIB, and monitoring tax collected at source (TCS) and tax deducted at source (TDS), also leads the IT department to potential tax defaulters.

For instance, banks are supposed to pass on information regarding fixed deposits exceeding ₹2 lakh, credit card payments aggregating to ₹1 lakh or more in a year and cash payments to purchase bank drafts or bankers' cheques of ₹1 lakh or more, among others.

In 2015, the NMS identified around 4.4 million people who had not filed tax returns despite potential tax liabilities for assessment year 2013/14. Information relating to these non-filers was made available on the 'compliance module' on the e-filing portal of the IT department.

In a reply to a Lok Sabha query, Sinha had recently informed that 30,68,662 new returns have been filed and additional tax of ₹4,733.61 crore has been collected from persons identified as non-filers by the income tax department through its NMS in 2013, 2014 and 2015. "During the years 2013, 2014 and 2015 (up to March 31, 2015), NMS has identified 12.9 lakh, 22.09 lakh and 44.09 lakh non-filers, respectively, having potential tax liabilities," Sinha said.

The department has also launched "Project Insight" to ensure optimal utilisation of the data available. This initiative addresses the challenges faced in widening the tax base, including issues such as old addresses, non-responsive filers and inadequate resources for follow-up. The department wants it to leverage data analytics, alert management and case analytics capabilities to prepare comprehensive case profiles and select appropriate intervention. The department claims that the Compliance Management Centralized Processing Centre (CMCPC) being set up under the project will further enhance its capability in widening the tax base.



Think Positive

Jose K., a high net-worth farmer from Kottayam district of Kerala, says he is willing to pay taxes if it adds to his prestige. "What is the advantage of paying taxes today, other than scrutiny and

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doubtful queries from income tax officials? Let the government say that they will recognise tax payers by honouring them in some way or the other. There will be many who will come forward to pay taxes," he says. Kuldip Kumar, Partner and Leader Personal Tax, PricewaterhouseCoopers, says suggestions like that of Jose are not completely off-track.

"The time has come to think over how to recognise and reward the honest tax payers. A few benefits, such as priority in getting or renewing passports, driving licences or extra facilities at airports, should be offered to those paying taxes beyond a certain limit. Some other benefits like getting additional points during admission of their children to schools and colleges, or other government institutes or engineering colleges, etc., will also work well in creating an environment for increasing the compliance behaviour," says Kumar.

Direct Tax Collection and Targets

FINANCIAL YEAR	BUDGET ESTIMATE	REVISED ESTIMATE	ACTUAL COLLECTION	BUDGET ESTIMATES ACHIEVED (%)
2009/10	3,70,000	3,87,008	3,77,546	102.04
2010/11	4,30,000	4,46,000	4,45,962	103.71
2011/12	5,32,651	5,00,651	4,93,947	92.73
2012/13	5,70,257	5,65,835	5,58,658	97.97
2013/14	6,68,109	6,36,318	6,38,543	95.57
2014/15	7,36,221	7,05,628	-	-
2015/16	7,97,995	-	-	-

Figures in ₹ crore; Source: 11th report of the Standing Committee on Finance

Who Pays More Tax

TAX SLAB	NUMBER OF TAXPAYERS (IN CRORE)	% OF TAX-PAYERS
0-5 LAKH	3.38	98.3
5-10 LAKH	0.18	5.5
10-20 LAKH	0.14	4.3
ABOVE 20 LAKH	0.04	1.3

Source: Tax Administration Reform Commission * As on 2011/12

Hemant Jain, a Delhi-based chartered accountant, says low taxation rates can in itself increase the compliance level to a large extent. "If your tax rate is 10 per cent today, make it 5 per cent, and you will see the difference," he adds. However, income tax department officials say that one can have all the systems in the world, but cannot widen the tax base without adequate human resources to act on information.

According to the finance ministry, CBDT has 42,069 officers and staff compared to the sanctioned strength of 75,092. Employees' unions say majority of these vacant positions are at the middle and lower levels – people who are responsible for handling all the big assessees, and collecting more than 80 per cent of the revenue. "There are more than 30 per cent vacancies among cadres who directly take part in the collection of revenue and provide tax-payers services," says Bhaskar Bhattacharya, Secretary General, ITGOA. A CBDT spokesperson said that appointments need to follow due processes and, therefore, it takes a lot of time.

The Road Ahead

While it may not be immediately possible to strengthen the income tax department's workforce, several steps can be taken to ease the workload on the existing staff so that they can pursue the objective of widening the tax base. For instance, the scrutiny of income tax returns, which is a routine matter, could have happened earlier. The computer-generated data could have been made available in April. "Why did they wait till August and September when the data was in the system since April? Why can't they amend the rules to allow automatic mailers to replace physical handover of notices?" asks Goyal, adding: "There have to be better systems to handle data."

In fact, the Shome panel had expressed similar views when it had said that the Tax Policy and Legislation (TPL) Unit and the Tax Research Unit (TRU) of both direct and indirect tax departments have not begun to analyse the computer-generated data for meaningful results. Moily's parliamentary panel had wanted the recommendations of the TARC to be considered and implemented. Revenue secretary Hasmukh Adhia says that many of the TARC suggestions have already been implemented and the department will compile and put them in the public domain soon.

The government must have begun the efforts to simplify tax administration and broaden its base, but for 2015/16, at least, the buoyancy in tax collection is primarily due to the increase in indirect tax collections, and not because of a widened tax base. That's certain. ◆

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"Level of optimism on GST has gone up"

After a washed-out monsoon session, the NDA government is hoping that the GST Bill will be passed in the winter session of Parliament that began on November 26. Jayant Sinha, Minister of State for Finance, tells Business Today's Joe C. Mathew and Sumant Banerji that any further delay in GST implementation will be a setback for the economy, adding that the GST will be a win-win for all – consumers, businesses and governments. Here are the edited excerpts.

How optimistic are you on GST?

We have passed a constitutional amendment in the Lok Sabha that reflects years of consensus building at different stages of Parliament. What we have on the table is something that has been examined and analysed in India and around the world. Can it be improved? Of course, in the interest of the nation, we would like to improve it. We have been working hard to arrive at a consensus to get it passed with a two-third majority in the Rajya Sabha. In the Lok Sabha, the Congress voted for it, but has now brought up three more conditions. It wants an 18 per cent cap on the GST rate in the constitutional amendment, removal of one per cent supply tax for up to two years and a robust dispute resolution mechanism. We are looking at durable solutions and are in discussion with opposition parties to get the Bill passed.

Between the last session and now, has the level of optimism gone up?

It has certainly. When the monsoon session started, the Congress said in public that it wanted the resignation (of some of our ministers) for smooth functioning of Parliament. The demand was not acceptable. So, the session was washed out. Now, no such demands have been placed, and what we have heard from the Congress is that it is supportive of the GST. So, the manner in which it is being discussed now is different from the manner in which it was discussed earlier.

Why are you against this 18 per cent cap?

The Constitution lays down the broad principles, and revisions, if any, are done through the various Bills. The 18 per



PHOTOGRAPHS BY VIVAN MEHRA

cent cap will be unprecedented. There is no other quantitative limit in the Constitution and so it will be a departure. The constitutional architecture should be kept as it stands. Doing it in the GST Bill will require just a simple majority in Parliament. We are trying to explain to the Congress that it is not reflective of the general governance principles and the constitutional architecture.

Will it be a big setback if GST is not implemented next fiscal?

It will be a setback for the entire economy. GST is in the interest of India and its consumers. Prices will go down. The cost of doing business will go down and so profits of companies are likely to go up. A lot of complexity in the supply chain will go and you will have a common market in India. It's a win-win for all. This level of resistance in the Rajya Sabha from the Congress is very counter-productive and damaging to the country's interests.

Private investment is yet to pick up. Why is it so even after so many government measures?

We have gone through an economic stabilisation programme – high interest rates, tight monetary policy and major fiscal compression. Under these circumstances, you would expect the investment cycle to be slower. Consumption is picking up only now. The excess capacity in the system is also being used up. Private investment will come once all the capacity is used up. Our business groups are also over-leveraged right now, as they have a significant amount of debt from the last boom. They need to de-leverage. As a result, their ability to make fresh investments is constrained. Once de-leveraging is done, private investment will pick up. Then there are systemic issues in several industrial sectors. For example, in the power sector, until we did the structural reform of distribution companies, investments looked difficult. There was already too much capacity there. Exports are also down because of the global slowdown. Due to these

Within six to twelve months, we should see private investment taking off significantly

factors it is perfectly understandable that the investment cycle is where it is right now.



How long will it take for private investment to really take off?

It has already started taking off. Within six to twelve months, we should see private investment taking off significantly. There are already many sectors of the economy, like renewable energy and automotive, where we are seeing strong private sector investments. There is a whole new logistics chain that is being built in India for which GST will be a massive boost. People believe that the cascading impact of taxes right now is over 30 per cent. So, if we have a reasonable GST rate, prices, complexity and cost of doing business will all come down. There is potential for 0.5-1 per cent boost to the growth rate if GST happens. GST can replace (next fiscal) the boost that we are getting from oil prices this year.

You have gained a lot from oil price decline this year, but have not passed on the benefit to consumers, a reason for the increase in indirect tax collections. Why so?

Experts, whether from capital markets or multilateral institutions, feel that what we have done by passing on some price reductions to consumers but increasing excise, both on petrol and diesel, is a very good policy. It has helped us address the fiscal deficit problem, and the money (through higher taxes) has been used to invest in railways, roads and ports, which have a high multiplier effect on the economy. The increase in indirect tax on fuel is also being looked at as a sort of carbon tax.

Is there scope to increase excise duties on oil further from here?

I think that depends on where oil prices go from here. The increase in excise duties has also created a cushion where we can cut duties if oil prices go up. Right now, oil and petrol prices are at a point where we have to consider how much we can pass.

But in the next fiscal, oil may not be as big a contributor as it has been so far, as it cannot fall much from here.

When oil prices fall, either government taxes or the consumer gets a one-time boost. That adds to growth. But that's a one-time shock. It also has an ongoing impact, because our current account deficit improves as our import bill comes down. Government subsidies also come down as there is no need to subsidise fuel. Therefore, there is an ongoing impact on our fiscal situation also.

In the coming fiscal, how will you manage without this one-time impact on taxes and consumption that is fuelling growth?

As far as growth is concerned, we have a number of drivers that are taking hold in the economy. There is a standard cyclical upswing that happens when interest rates come down. Then we have got a big boost from public investment, which has been dramatically increased in railways, as well as roads where it has gone up by a significant amount. The third is foreign direct investment, which has come at a much accelerated pace. This also boosts growth. Then there is the depth and breadth of our structural reforms. Power distribution is one example...financial sector, mining, defence, insurance...in many of our industries, we have put in place very broad and deep structural reforms. Ultimately, our economic framework and roadmap have been very consistent for the last many years. ◆

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Golden Tangle

The fall in gold prices has gold loan companies reeling.

By NEVIN JOHN and P.B. JAYAKUMAR

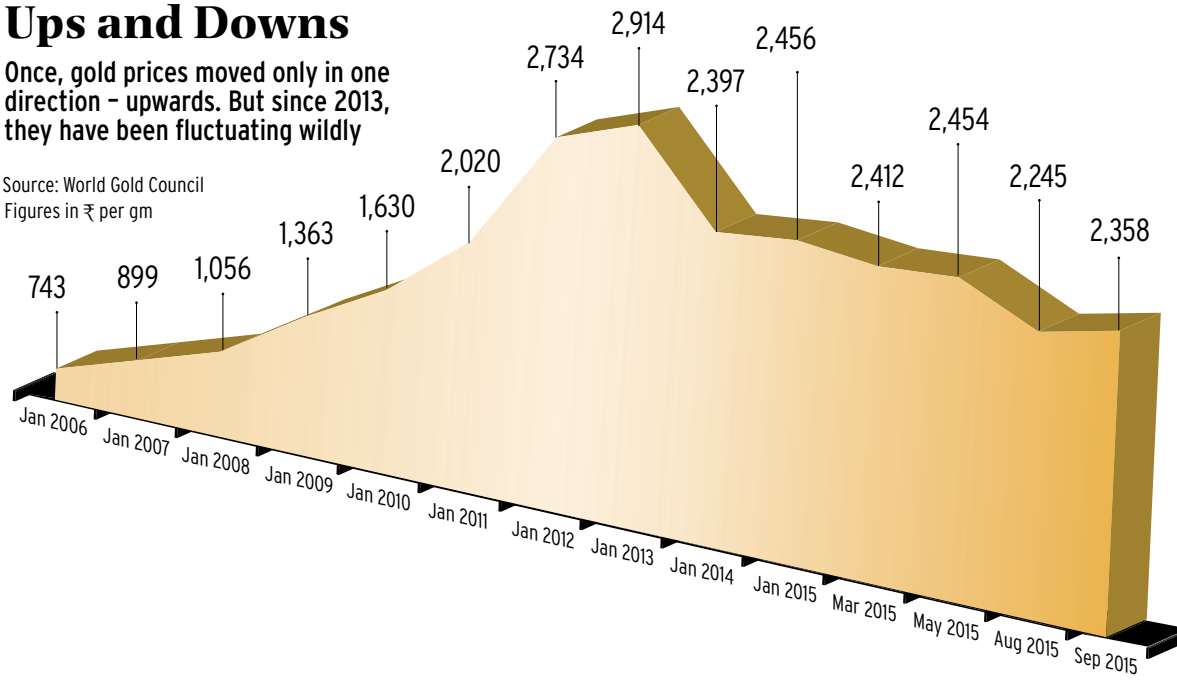
Vithayathil Enterprises is one of Kerala's 7,000-odd gold loan companies, located in Varapuzha village, at the mouth of the River Periyar near Kochi. Barely 7.75 sq. km. in area and tucked amid lush green coconut palms, Varapuzha is one of Kerala's gold pockets, boasting 42 gold loan firms, including branches of the top three in the country – Muthoot Finance, Muthoot Fincorp and Manappuram Finance. Like its rivals in the region, Vithayathil Enterprises – run by Vithayathil Gigimon Ummachan and his younger brother Aby, both of whom joined the family business soon after finishing school – extends credit to fishermen and farmers in the neighbourhood against pledged gold, including loans for wedding and education expenses.

For decades the business ran smoothly, but

Ups and Downs

Once, gold prices moved only in one direction – upwards. But since 2013, they have been fluctuating wildly

Source: World Gold Council
Figures in ₹ per gm



now an air of depression pervades its narrow 20-sq-metre office. The drop in the price of gold worries the brothers no end. "Since the price has fallen, customers are reluctant to redeem their gold loans," says Gigimon. Loans of more than ₹35 lakh are past their repayment date. The brothers lend mostly from their family funds and the company's cash flow is affected if customers do not pay back in time.

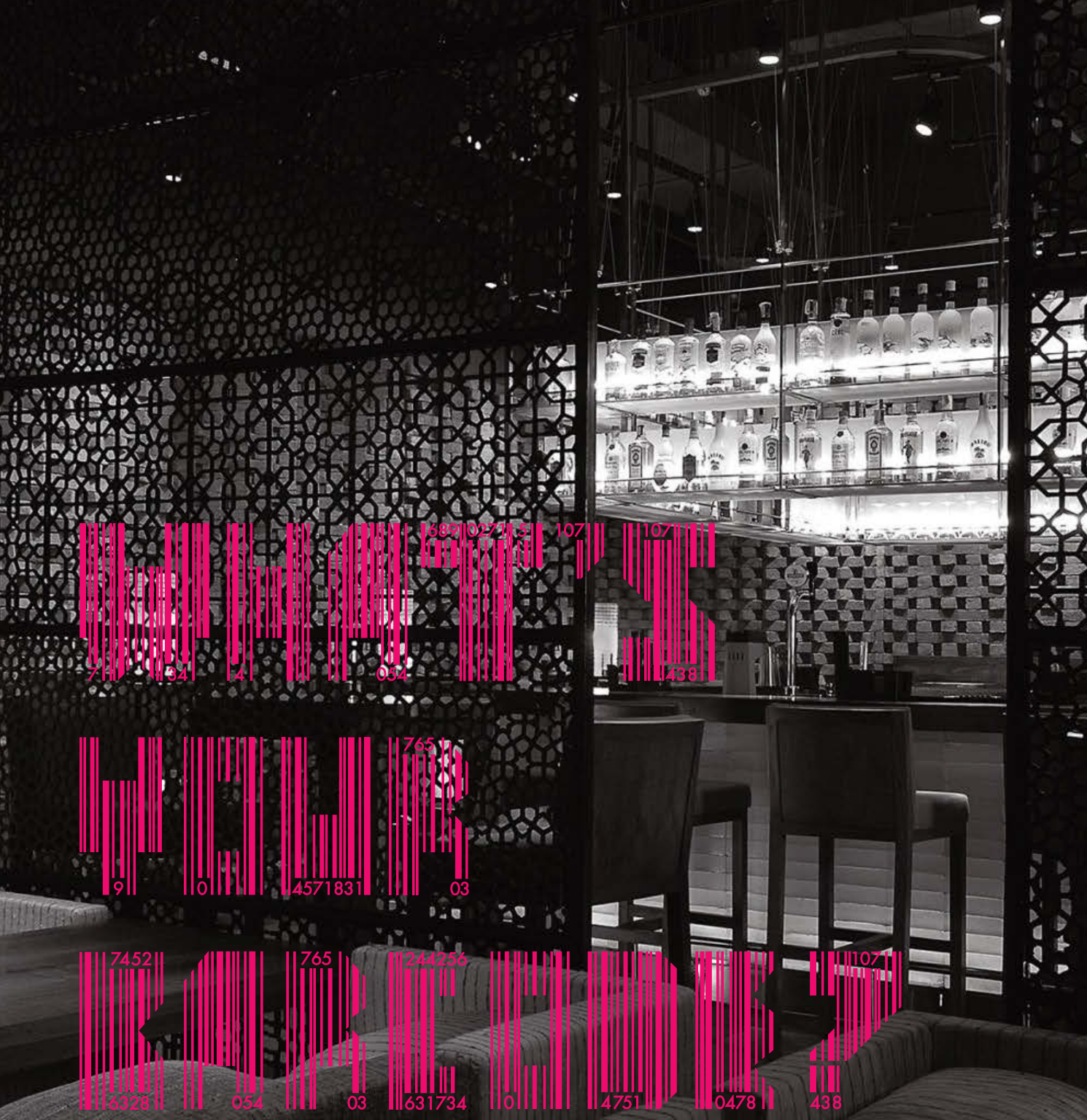


Trying times: Gigimon Vithayathil (centre), owner of a gold loan company, at his office in Varapuzha

"Gold loans have to be redeemed on time for us to survive in this business," adds Gigimon. "Margins are small. Two gold loan companies in Varapuzha have shut down. Many others are staring at the same fate."

The global price of 24 carat gold has fallen from a high of around $1,850 an ounce in early 2013 to about $1,084 (as of November 16) at present. In India, though the drop was partly offset by rupee depreciation during the same period, it still declined from a high of more than ₹29,000 per 10 gm in January 2013 to ₹23,010 (as of November 16). If the rupee strengthens, however, gold's outlook is bleak. "A combination of global gold price fall and rupee appreciation will increase defaults in the gold loan segment. But that is unlikely to happen in today's situation," says V.K. Vijayakumar, Investment Strategist, Geojit BNP Paribas.

Unlike the smaller companies, Muthoot's and Manappuram's financials have, so far, held up well, though adverse market sentiment – following the gold price slide – has seen their stock price dip sharply. Muthoot Finance's revenue rose 88 per cent in



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the last four years to ₹4,313.80 crore in 2014/15, while its profit increased 36 per cent to ₹670.52 crore. Its portfolio has reduced by a modest 10 per cent in the last two years, but it still disburses 40,000 gold loans per day. Its share price, however, dropped 35.80 per cent from its 52-week-high of ₹253.50 in February on the Bombay Stock Exchange to touch a low of ₹152 on October 23, while its market capitalisation was down to ₹6,050 crore from ₹10,090 crore in the same period. However, the price recovered marginally during the recent Diwali season and is now hovering at around ₹180 per share.

George Alexander Muthoot, Managing Director, Muthoot Finance, denies any reason for concern. "The long-term perspective is always that the price of gold will rise," he says. "Gold has seen a dip for the last three to four years, but it will bounce back and touch new price peaks." In 2013, his company held 120 tonnes of pledged gold against total outstanding loans of ₹26,000 crore. Currently, though the quantity of gold held is higher at 131 tonnes, the total loan value, due to the price drop, is down to ₹24,000 crore.



"The long-term perspective is that the price of gold will rise. Gold has seen a dip for the last three to four years, but it will bounce back..."

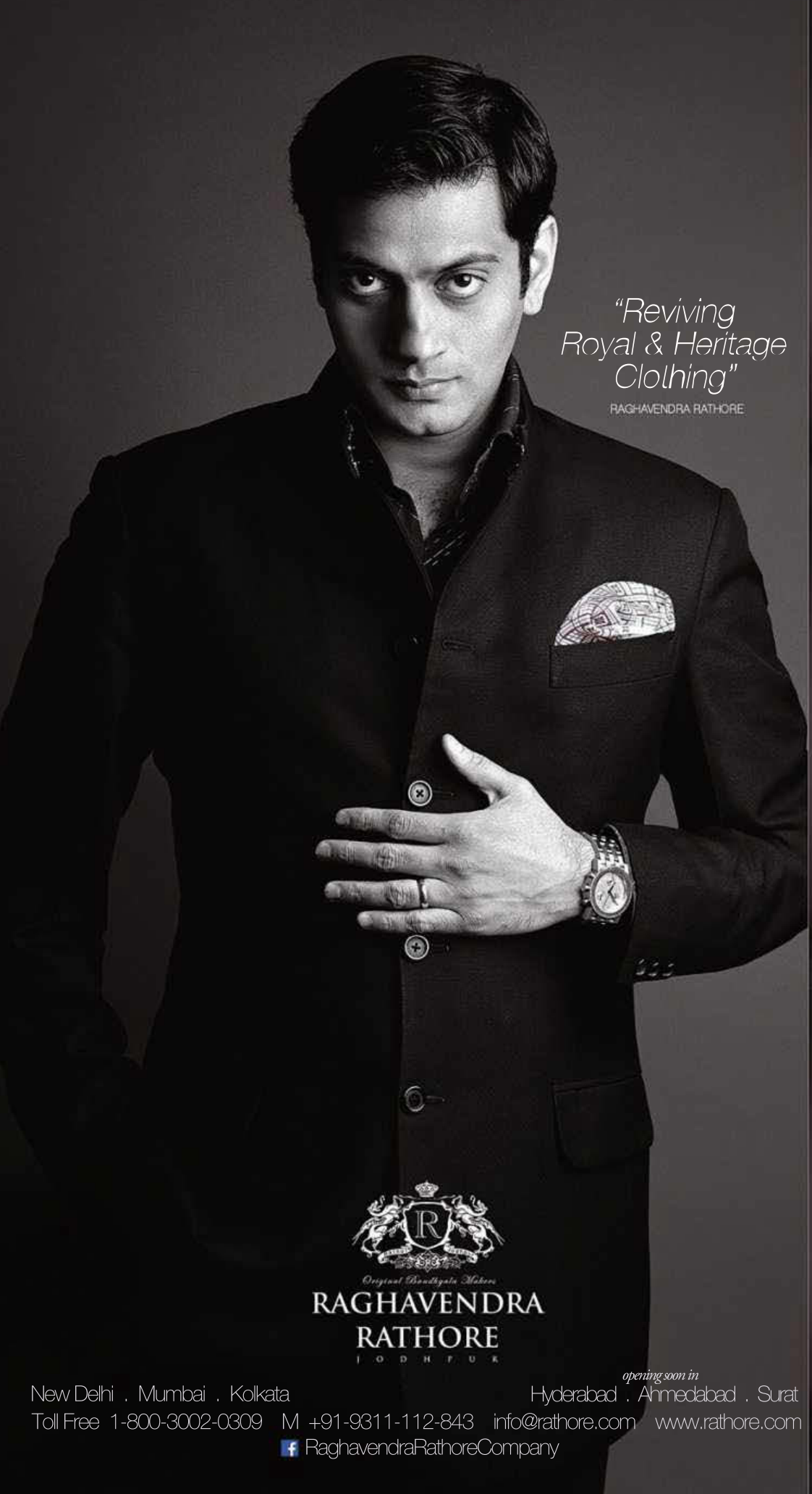
GEORGE ALEXANDER MUTHOOT
Managing Director/ Muthoot Finance

Manappuram's share price fell by a whopping 79 per cent to a low of ₹19.75 on October 10, from its all time peak of ₹94.95 in November 2010, with market cap shrinking to ₹1,661 crore from nearly ₹8,000 crore. Its shares are now trading at around ₹22. Its revenue, however, rose 70 per cent in the last four years to ₹1,975 crore in 2014/15, though profit fell marginally, by four per cent, to ₹270 crore. V.P. Nandakumar, CEO and Managing Director, Manappuram Finance, is similarly ebullient. "Gold ornaments have an emotional connect apart from their cash value," he says. "Often they comprise ancestral wealth which people do not want to lose. Even when the price is falling, around 90 per cent of our customers redeem their loans."

On this score, however, Muthoot feels differently. "The new generation is not that sentimental about ancestral ornaments," he says. "The number of people abandoning their pledged gold is increasing by two to three per cent each year." He is also critical of the growing propensity to splurge on status symbols rather than invest sensibly. "Earlier, people were putting their money in appreciable status, such as real estate and gold," he adds. "Fishermen and farmers lived through lean periods because of their gold investments. Today, people spend heavily on electronic items whose price can only depreciate. This may affect gold loan players in the future."

How the Business Works

The money gold loan companies lend comes from different sources, the largest usually being commercial banks, which charge interest of 10-11 per cent. (Three years ago, when gold prices were at their highest, the average rate was 13 per cent.) Muthoot, for instance, has 36 per cent of its borrowings (₹7,241.80 crore) from 25 banks and financial institutions, and in the case of Manappuram, it is 78 per cent (₹6,725.3 crore). (See *Manappuram vs Muthoot*.) Muthoot also raises funds through non-convertible debentures (NCDs) – it is in the process of raising ₹250



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FAILING TO DELIVER

The government's new gold monetisation schemes have opened to a poor response



The government had come up with two Gold Monetisation Schemes (GMS) in the 2015 budget with an aim to bring an estimated ₹50 lakh crore worth of the yellow metal (22,000 tonnes) lying idle with Indian households and religious institutions, like temples, into the economic system. But, both have failed to make an impact.

The gold deposit scheme has had a poor response so far with only 400 gm of gold monetised nationally. The first tranche of the sovereign gold bond scheme, open for subscription from November 5 to November 20 with an offer of 2.75 per cent interest to buyers, also met with a tepid response, grossing only about ₹150 crore.

Industry observers highlight that customers of gold loan companies are mainly individuals who pledge one of their most precious assets, jewellery. But in the gold deposit scheme, one can deposit only pure gold to join the scheme. If it is jewellery, it has to be melted to assess the quantity and purity of gold. This does not go down well with a vast majority of Indians.

Experts point out that a lion's share of the gold in India is in the form of jewellery with households. Jewellery has an emotional connect, especially with women. In states like Kerala and Tamil Nadu, which account for over half of the jewellery sales in India, traditionally, jewellery is handed down from generation to generation. Another issue is the loss of 'making charges' value while melting gold ornaments. If one buys jewellery worth one lakh rupees, about 15 per cent of that value is the making charge and the actual gold in the ornament values only 85 per cent.

"If you sell a gold ornament even after less than an hour of purchase, straightaway it loses 15 per cent value. So the scheme is not economical as well," says Dr V. K. Vijayakumar, Investment Strategist, Geojit BNP Paribas. He says the scheme may be of interest to institutions like temples, but not for all their ornaments, since sentiments of devotees will be an issue for them as well.

A UBS research report, based on a survey, had predicted that the new gold monetisation schemes have the potential to perform better than previous initiatives. However, it had asserted that it would take some time for them to gain traction, especially in rural areas.

crore from the primary market – and commercial papers.

Muthoot's lending rate varies between 12 and 22 per cent (and even higher for delayed repayments), with an average yield of 19 per cent. (When prices were high, the average was 22 per cent.) "Among NBFCs, the gold loan ones have the lowest interest rates," says Muthoot. "We want to be reasonable to our loyal customers. The interest is low because of the large volumes, which bring down overheads and borrowing costs." His net interest margin is around nine per cent – down from 10 per cent when business had peaked. "My bank borrowing cost is lower because of the size of borrowings and our company's AA- credit rating," he adds.

Reserve Bank of India (RBI) rules allow NBFCs to lend only up to 75 per cent of the value of collateral (loan to value) provided. "The remaining 25 per cent provides a cushion against price fall," says Vijayakumar of Geojit BNP Paribas. "Thereby, the related risks are lower." The loaned amount falls further depending on the loan's duration. "We give 75 per cent for a three month period, but for a six month period, it comes down to 69 per cent. It falls further to 63 per cent for a nine month period and 57 per cent for one year," says Nandakumar of Manappuram. Thus, if the gold price falls, so does the amount lent per customer and the gold loan company needs more customers to keep its profit level the same. If pledged gold is not redeemed beyond a specified period, it is auctioned.

Smaller players like Vithayathil provide loan size varying between ₹5,000 and ₹50,000 and that would go above 80 per cent value of the collateral. They hold gold for more time to maintain relationships with customers. The Kerala Money Lenders Act allows them to charge up to 18 per cent interest. "But I don't charge that much as I have known all my borrowers for decades," says Gigimon.

Challenge from Banks

Banks are major lenders to the gold loan companies, but they are also rivals, disbursing gold loans themselves. Indeed, a 2012 RBI report, *Issues Related to Gold Imports and Gold Loans by NBFCs*, notes that it is banks that have the dominant share in this market. "There is a general feeling that NBFCs account for the majority of gold loans disbursed. However, contrary to popular belief, the share of banks in total gold loans is the highest at 72.3 per cent on March 31, 2012," it said. Many allege, however, that banks take unfair advantage by providing loans against pledged gold to farmers as agricultural loans, where interest is just four to seven per cent.

In 2007/08, when gold loan companies were expanding rapidly across the country, the RBI, suspecting money laundering activities behind their rapid rise, imposed various restrictions on them, which too have helped their bank rivals. The central bank capped bank exposure to NBFCs across the board – except for asset financing and infrastructure financing companies – at 10 per cent of the bank's capital funds. The 75 per cent limit imposed on loan to value for gold loan companies also helped the banks. "It was an acid test," says Muthoot. "There was a dip in business. But no company went under, unlike airlines or chit funds, demonstrating the inherent strength of the business. We have survived both the regulatory as well as the industry related checks."



"Gold has an emotional connect apart from cash value. Often, it comprises ancestral wealth which people do not want to lose"

V.P. NANDAKUMAR/ CEO and Managing Director/ Manappuram Finance

The four Southern states account for 40 per cent of the country's gold demand, followed by the West, which makes up 25 per cent, the North with another 20-25 per cent and the East with 10-15 per cent. "As long as gold exists, this business will flourish," says Arundhati Bhattacharya, Chairman, State Bank of India. "NBFCs have traditional presence in this sector, but banks have caught up fast, because of their scale and scope. The market is going rural nowadays. The South has large exposure to gold and the North is also picking up."



However, the gold price fluctuation has had its impact on banks too, with many of them curtailing the gold loan business. Specifics of banks' gold loan businesses are hard to come by, since they come under the head of personal products like home and vehicle loans, with details not being published separately. Even so, it is known that Federal Bank – headquartered in Kerala, but with a countrywide presence – has seen its gold loan portfolio fall from ₹219.30 crore in 2013/14 to ₹200.48 crore in 2014/15. It has accordingly reduced its gold loan network from 167 branches to 121. Gold loans comprise a substantial part of The Catholic

57%

of the world's gold jewellery demand comes from China and India alone

Syrian Bank's – also Kerala-headquartered – business. But, here too, advances against gold have fallen from 38.31 per cent of the bank's total loans in 2012/13 to 32.04 per cent in 2013/14, while its gold loan portfolio dropped from ₹3,438 crore in 2012/13 to ₹2,836 in 2013/14.

MANAPPURAM vs MUTHOOT

	Manappuram	Muthoot Finance
Gold loan outstanding	9,224	24,000
Total income	1,975	4,324
Net profit	271	670
Number of branches	3,293	4,245
Gold holding (tonnes)	53.13	131
% of Net NPA	1.2	1.88
Team strength	15,863	22,882

Data in ₹ crore as on March 2015; Source: Companies

HOW THEY STACK UP

	Q1 FY16	Q1 FY14
Top Gold Loan Players	AUM^ (cr)	AUM^ (cr)
Muthoot Finance	24,409	25,442
Muthoot Fincorp**	15,500	N.A.
Manappuram Finance	9,592	9,160
Andhra Bank*	6,944	6,243
South Indian Bank	4,268	7,062
Indian Overseas Bank	3,507	4,592
Shriram City Union	3,208	3,694
Federal Bank	3,109	5,917
**Only Muthoot Fincorp AUM is till March 31, 2015; others are till June 30, 2015	*Agri Gold Loan: ₹3,968 cr Non-agri Gold Loan: ₹2,976 cr	*Agri Gold Loan: ₹3,974 cr Non-agri Gold Loan: ₹2,269 cr

^Assets Under Management Source: Company presentations

The Way Out

Assuming gold prices will continue to waver, how can the gold business be revived? As interest accumulates and the price of gold falls, the customer's inclination to abandon the loan rises. Gold loan companies will have to gauge not only the repayment capacity of a borrower, but also his interest in servicing the loan and getting back his gold. "We don't want people saying they don't need the gold back," says the managing director of another major NBFC in the business.

Being mostly short-term loans, gold loans are usually paid back in one shot – interest and principal together – at the end of the loan term (what is called 'bullet repayment'). They can even be returned, at minimum interest cost, within a week of disbursement. Industry experts believe this has to change. "We will have to include equated monthly installments (EMIs) or, perhaps, quarterly servicing of loans as a clause in future contracts," says Muthoot. This will make gold loans no different from vehicle loans or personal loans, though without the elaborate paperwork and documents the latter require. "Every business has to change with time or else it will perish," adds Muthoot.

With an eye on the future, gold loan companies have also begun diversifying. Manappuram has launched new verticals such as home loans, commercial vehicle loans and loans against property for SMEs. With the acquisition of Asirvad Micro Finance in February this year, it has entered microfinance as well. "Diversification is the next phase for gold loan companies, but it is not because of saturation in the gold loan business," says Nandakumar. Muthoot too has forayed into housing and vehicle loans, as well as foreign exchange transfer. It acquired majority stake in Asia Asset Finance, a Sri Lanka-based vehicle finance company in end-2014. It tried for a payment bank licence as well, but was not successful.

The rapid expansion of branches by gold loan companies, right up to 2011/12, has stopped. Now the focus is on keeping operational costs at every branch low. Muthoot, which has 4,250 branches across the country, will, in future, open new ones only in the Northeast, where its presence is still limited. "We are focused on increasing business per branch now," says Muthoot. "The peak of average loan outstanding per branch was ₹6.5 core, which has fallen to ₹5.5 crore. Expansion is the least of our priorities."

The smaller players have high borrowing costs, but they too can survive if they act judiciously. They can be divided into two categories – the registered ones like Vithayathil Enterprises, who are regulated by the Kerala Money Lenders Act, and those outside the government's radar. The latter, who are often involved in dubious dealings, are likely to go bust fast. ◆

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INDIAN RAILWAYS ON A SUPER-FAST TRACK

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It has been a long and amazing journey since railways were first introduced in India with the construction of the Mumbai-Thane line in 1853, which was nationalised about a century later as one integrated network, in 1951. Created by the British colonial government in the 19th century to facilitate the systematic and nation-wide plunder of our country's natural and human resources, the railways have today metamorphosed into one of the key drivers of the 21st century Indian economic boom.

Unfortunately, Indian Railways is getting way less space in the country's media and public discourse compared to its huge role in the national economy.

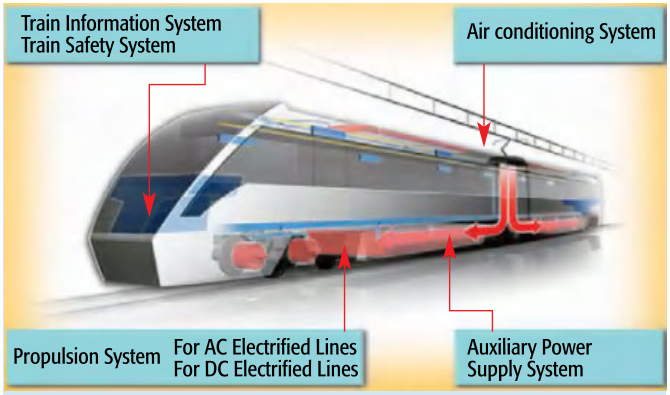
But the facts tell the real story. Every day millions of people go to work from villages and distant towns to the country's urban industrial and service sector conglomerates by train. Within cities too, millions commute to work by Metro Rail. Also, Indian Railways plays an enormous role in movement of goods through the length and breadth of our vast nation, serving like the arteries and veins that vitalise the various sectors of our constantly growing national economy.

Under the current vision of Ministry of Railways, trains and the national railway network are meant not only for physical movement of people and goods but also to improve the overall quality of life of an average Indian citizen – through investment in futuristic science and technology.

The Government of India has invited the world's most technologically advanced companies, which are on top in research and development (R&D), to join India's rail modernisation drive. As a result, the greatest firms in the world are today rushing to our country.

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- **16%** energy-saving, **18%** smaller and **35%** lighter APS (Auxiliary Power Supply) system*

* Compared to Toshiba's conventional systems under certain conditions



Mr. Kenji Urai
MD, Toshiba India Pvt. Ltd.

In an era where climate change happens to be one of the defining challenges to the human race's survival, Toshiba stands for higher efficiency and environment-friendliness of its products. We can, in fact, play a decisive role in reducing electricity consumption and greenhouse gas emission with our energy-saving technology for railway systems.

Toshiba in India is all set to support the 'Make in India' initiative to serve as a supplier of equipment and systems.

"India's bond with Toshiba railway expertise is well set to grow in coming years"

Excerpts from an interview with Mr. Vijay Raina, Industrial Consultant & Editor, Rail Business Magazine.



Mr. Vijay Raina
Industrial Consultant & Editor,
Rail Business Magazine.

Technological developments are taking place in two opposite directions: the user end is becoming increasingly simpler, while the skills and equipment making that possible are becoming complex and multi-layered with extensive interlinks. Modern railways are no exception as intense demands on energy usage, reliability, availability, maintainability, safety and costs force developers to use modern design and prove out tools. Railways of the future will depend on multiple skills and delivery experience to meet user and operator demands. Railways are now integrated systems.

This is even truer as users need on-tap information, operators need interactive systems to maximize yield and investors need higher predictability. Whether it is urban transport, where real time information and control are critical to success or high speed train systems, where sensitive controls and equipment monitoring is a fundamental need, railway system providers have to integrate many diverse links for successful delivery.

Such needs have in a way been proven out in urban systems like Delhi Metro and will be in demand as India's first high speed rail link is eagerly awaited. A high speed network with multiple hubs, panning across the country, will become visible in coming years. This will need system integrators and technology owners to put in modern train systems.

Toshiba is well placed for such integration, oversight and supply as it has well demonstrated in Japan Shinkansen and the Taiwan adaptation. Proven experience in such systems will be imperative so that right choices are made in the planning stage which alone can control costs, ensure speedy execution and promise good product delivery.

Toshiba's expertise in supplying various systems like rolling stock, power supply etc. and its capability on integration of all components of a transportation project are well recognised. Toshiba's energy efficient HVAC system and propulsion system are currently being manufactured and supplied to Delhi Metro Rail Corporation and Kolkata Metro NS line respectively. In India, the bond with Toshiba railway expertise is well set to grow in coming years and a high speed network should be in our 'to-get' dreams.



Taiwan High-Speed Rail System with Toshiba's technology has set high standards of reliability, punctuality, efficiency and safety.

Toshiba technologies in the railway domain cater to locomotives, Electric Multiple Unit (EMU) trains and metro rail. Today, it manufactures highly efficient propulsion systems, which transform power from energy source e.g. overhead or third rail catenary lines and enables traction effort to the wheels. Indian Railways employs such systems on their rolling stocks i.e. diesel and electric locomotives, EMUs & DMUs and metro trains.

Toshiba also produces main transformers, heating, ventilation and air conditioning (HVAC) systems, and many other equipment and solutions for rolling stock which are high in efficiency and low on noise. Toshiba has bagged the HVAC system contract for 486 cars of Delhi Metro RS10 project.

With the government's plan to make the Indian Railways more modernized and upgraded, the sector is all set to attract and become a hub of investments. India has already signed investment agreements with countries like China and Japan which will push railway networks towards modernization of stations and high-speed trains. It seems like participation by corporates in rail infrastructure is the mantra to modernisation. Multinational brands like Toshiba have the potential and capacity to bring latest technology to India.

The 140-year-old Japanese MNC's Railway Systems Division has been working to improve every aspect of railway transport – environment adaptation, safety, punctuality, comfort and reliability through advanced technologies.

With energy shortage being one of the biggest constraints to India's economic growth, Toshiba with its new generation energy-efficient technology can contribute significantly in the growth story of India.



BURGER WARS



AJAY THAKURI

A bevy of fast food brands is locked in a battle for a big slice of the growing Indian burger market. By GOUTAM DAS

The hunt for a good patty between two buns takes us on a dusty drive – past a herd of cows, buffaloes and oxen – before reaching the newly constructed, still-barren Ocus Quantum, in Gurgaon's Sector 51.

It is almost dusk and Kabir Jeet Singh sits alone in his just leased 480 sq. ft office on the 14th floor. "We will run out of space here," he says. The company he started along with two others in November 2014 is in fine fettle and picking up speed, he tells us. Burger Singh, as his quick service restaurant chain is called, may rhyme with Burger King, the name of the American fast food giant. But it comes with its own quirkiness. The company's four Gurgaon outlets sell up to 250 burgers a day – among them are *Nani's Rajma Burger*, a *Bihari Gosht Burger*, an *Achari Mutton Burger*, and a United States of Punjab Chicken Burger. "MNCs are pushing American burgers down our throats," he declares. "No Indian guy was challenging the Americans."

He is not 100 per cent right if we think of the burger as a patty between two buns. The *vada pav* business has seen two Indian companies achieving scale – Goli Vada Pav and Jumboking. The burger, as an American construct, of course, is largely a multinational play, with the rivalry of global brands now spilling over to Indian shores. There's a stiff battle for the Indian stomach and is being fought by no less than seven American companies that operate through franchisees. McDonald's was the earliest – its first store came in October 1996. It has dominated the landscape ever since and has over 380 restaurants now, which annually use nearly 15 crore buns,

See interview with Pushpesh Pant at businesstoday.in/food-pant

See interview with Vikram Bakshi at businesstoday.in/cprl-bakshi

BURGER PLAYERS

McDonald's West/South
FRANCHISEE
Westlife Development Ltd
STORES: **216**
STORES PLANNED: **250** over 5 years

McDonald's North/East
FRANCHISEE
Connaught Plaza Restaurants Pvt Ltd JV
STORES: **166**
STORES PLANNED: **N.A.**

KFC
OWNER: Yum! Brands
STORES: **378**
STORES PLANNED: **N.A.**

Dunkin' Donuts
FRANCHISEE: Jubilant FoodWorks Ltd
STORES: **67**
STORES PLANNED: **17** more in 2015/16

Burger King
FRANCHISEE: Everstone Capital
STORES: **33**
STORES PLANNED:
15 more in the pipeline

3.2 million litres of vegetarian sauce, 9.7 crore patties, 330 metric tonnes of cheese slices and 1,200 tonnes of iceberg lettuce.

But something spectacular happened over the past 12 months – rivals Burger King, Wendy's, Carl's Jr., and Fat Burger opened shop. Johnny Rockets started in January 2014 and Dunkin' Donuts in May 2012. Together with KFC, which also sells burgers, it completes the cast of characters vying for a space in India's fast food playbook, estimated by market research firm Euromonitor to be worth a mammoth ₹1,01,770 crore in 2015. Of this market, the burger bite appears tiny – the research firm estimates it at ₹1,555 crore this year and projects it to grow to ₹1,688 crore by 2019.

Euromonitor's numbers, however, tell only part of the story. The research firm defines 'burger fast food' as outlets in which burgers constitute the main offering. But a gauge of the product's popularity is all the excitement restaurants of all shades display; almost everyone, from five-star chains to standalones, sells burgers. The Embassy, a restaurant that started in Delhi's Connaught Place in the 1940s, has *Aloo Bonda Burger*, *Samosa Patty Burger* and *Daal Vada Burger* on its menu. Nando's, known for its flame-grilled peri-peri chicken, sells five non-vegetarian and three vegetarian burgers. In the summer months, it ran a radio campaign advertising its 'Angry Mango Burger'. Yes! It put mangoes between the buns. Barcelos, yet another flame-grilled chicken chain, flirted with innovative red and black-coloured burgers. The Claridges, an iconic hotel in Delhi, recently concluded a beer and burger festival. Of course, burgers feature prominently on the menus of all bars and lounges. The amount of burgers consumed in Indian cities and its value ought to be much higher.

But, if you just focus on brands where burgers are the primary offering, the growing interest in India has many flavours. Consumption has slowed down in China. And other matured markets aren't doing too well in the quick service restaurants (QSR) segment either. McDonald's revenues for the nine months ended September 30 dropped nine per cent, while operating income fell 15 per cent. It didn't do much better in 2014 either – in its annual report, McDonald's discloses: "We experienced challenges growing sales and guest counts in 2014, as comparable sales decreased one per cent, reflecting negative guest traffic in all segments. While some of the challenges were anticipated, others were not, such as the impact of a supplier issue in China, Japan and certain other markets, and the volatile operating environment in Russia and Ukraine. Results were also impacted by underperformance in key opportunity markets that are significant contributors to consolidated results, most notably the US".

While India's growing economy and favourable demographics is a natural pull, the fast evolving Indian consumer is perhaps making this a right time for burger bigwigs to enter. The National Restaurant Association of India (NRAI), in a report, lists many reasons for the mushrooming of international brands in food services: consumers' increasing disposable incomes, the growth of consumers in socio-economic classifications A and B, the widening exposure to new cultures and cuisines, the increased propensity to eat outside, the growing popularity of takeaway and delivery services.

All the companies have charted an aggressive war plan. McDonald's doesn't want to cede any ground – Westlife Development Limited, the franchisee that operates in the West and South India, has planned 250 more restaurants in five years with an estimated investment of ₹700-750 crore. Carl's Jr. thinks it can get to 100 stores in 10 years; it has raised $2 million and plans to raise $20 million in tranches to fund the growth. Burger King is spending between ₹1.75 crore to ₹2.5 crore to open each store. Prime Gourmet Pvt Ltd., the franchisee that runs Johnny Rockets, may end up spending more than ₹40 crore to get to 20 stores by 2018, from just four currently.

The burger battleground, meanwhile, is seeing a split right down the middle: between value-for-money burger chains and the premium ones; between mass market brands and the niche; between joints that appeal to children and those that

See interview with Amit Jatia at businesstoday.in/mcdonalds-jatia



RACHIT GOSWAMI

Amit Jatia/ McDonald's West

"The new boys on the block...they are toddlers. When they grow up a bit, we will talk"

attract adults; between QSRs and those that tend to be more on the casual dining side. In short, between those that sell burgers at below ₹150 and those that charge more.

"Look at what Starbucks did to the café space," says Sanjay Chhabra, Promoter of Sierra Nevada Restaurants Pvt Ltd., which operates Wendy's in India. "It created a segment which people did not believe existed in cafés; it created a higher-priced slot. There was a segment of customers which was willing to upgrade. We have sort of entered that space in the burger business."

Analysts tend to agree. Ina Dawer, Research Manager at Euromonitor International, says a clear segmentation between value-for-money players (McDonald's) and premium chains (Carl's Jr.) will emerge over the next couple of years. "The new international burger fast food chains such as Burger King have products priced at higher price points, while value-for-money chains, including McDonald's, have a wider offering at lower price points. With their existing pricing strategy, it is clearly evident that these two chains are catering to different consumer segments," Dawer says.

To understand how the Indian customer has evolved, there is no better place to start than McDonald's.

Kalamboli, August 25

In 2001, McDonald's opened its first Drive-Thru in the West, in Navi Mumbai's Kalamboli – people driving to Pune wouldn't need to leave their cars; order at one

Johnny Rockets
FRANCHISEE
Prime Gourmet Pvt Ltd
STORES: **4**
STORES PLANNED: **20** by 2018

Carl's Jr.
FRANCHISEE: Cybiz
STORES: **2**
STORES PLANNED: **100** in 10 years

Wendy's
FRANCHISEE
Sierra Nevada Restaurants Pvt Ltd
STORES: **2**
STORES PLANNED: **8** more in 2015/16

Nando's
Company-owned/JV
STORES: **8**
STORES PLANNED: **6** in 12-16 months

Burger Singh
Company-owned
STORES: **4**
STORES PLANNED: **77** in 4 years

See interview with Raj Varman at
businesstoday.in/burgerking-varman

Sana Chopra/ Carl's Jr.

"We want everyone to come, but our target is the teenager and above"



VIVAN MEHRA

end of the restaurant, pick up from the other side and move on. It's buzzing today. Employees take orders, thaw the patties out of a chiller and fry them, before serving. Heavy rains splash against its large glass windows, while outside, Chief Happiness Officer Ronald McDonald sits still on a bench. He's drenched. This writer orders a *Chicken Maharaja Mac* and a coffee. The *Maharaja* is a big burger with two layers of grilled chicken patties and is certainly not the cheapest, at over ₹100, but McDonald's has plenty to please everyone. *McAloo Tikki*, a combination of potato and peas patty, comes at ₹29. McEgg is a steal too. This 'Happy Price Menu' has made McDonald's a mass brand. "Being affordable to as many consumers is really what McDonald's stands for. Making *McAloo Tikki* affordable really cracked the barrier. What Maruti Suzuki did many years ago by introducing the 800 (model), is what we did with our value price menu," says Amit Jatia, Vice Chairman of Westlife Development Limited.

The company didn't have it easy in the mid-90s when India's supply-chain was non-existent. Investments had to be pumped into creating a backbone and then making it more efficient.

Not far from Kalamboli is the factory of Vista Processed Foods, a supplier of patties, fresh produce and eggs. It set up shop in 1996 primarily to cater to McDonald's. CEO Bhupinder Singh says it was tough, initially, to convince farmers to grow bigger birds. "When we started in 1995-96, the average weight of a chicken used to be 1.5 to 1.6 kg. Today, the weight is 2.4 kg," he says. Vista invested in better feed and growing environment, along with superior bird variety, which translated into a higher yield in the same number of growing days. "This is how bird efficiencies came into play. When the flesh is more, the output increases," he adds. Similarly, Vista played a role in the reduction of egg breakage when transported over long distances. The shell thickness was enhanced by increasing a bird's calcium intake.

Farm practices required improvements as well. "When a farmer picks his vegetables, a lot of foreign particles come along. We had to put in a lot of extra effort. Secondly, cold chain did not exist in India. It cost us more. So, our supply-chain now allows us to give consistent quality to customers," says Jatia.

Around 2003/2004, consumers were using

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See interview with Bakshish Dean at
businesstoday.in/johnnyrockets-dean

McDonald's over the weekend to celebrate special occasions. By 2010, Jatia thinks, people started using it to "refuel" – as their place to eat. "We became a part of their lives," he says. Westlife's annual report states that families in Tier-I cities spend about ₹6,000 annually on eating out, whereas families in Tier-II cities spend ₹1,500 to 2,000, annually. "This spending is expected to grow significantly".

Is 2015 the next evolution cycle? McDonald's rivals have all capitalised on the same supply-chain the company helped establish –Vista, for instance, also supplies to Burger King and Carl's Jr., among others. It doesn't bother Jatia. "We like it. We are way ahead. Two, it doesn't matter because as my suppliers' volumes improve, the benefit of the cost comes to everyone," pat comes his response when quizzed on eroding competitive edge.

Jatia dismisses any threat the new competition poses to McDonald's with an interesting terminology. "The new boys on the block...they are toddlers. When they grow up a bit, we will talk," he says, quickly adding: "They are global brands, and I am sure they know what they are doing. All I am saying is that till they don't get scale – people say they will impact us – but that will happen when they get scale. Today, there is zero impact."

Let's look at how small the toddlers are – between its West and North franchisees, McDonald's has 382 restaurants. Dunkin' Donuts has 67, Burger King 33; Johnny Rockets has just four, while Wendy's and Carl's Jr. have two each. Some of the toddlers are growing up fast though. Nearly everyone cites "humbling numbers". Burger King's restaurant in Bangalore's Phoenix Market City Mall raked in ₹10 lakh on day one. The toddlers can talk back too.

Cyber Hub, Gurgaon, October 23

It is 9.50 in the morning and Cyber Hub, a high street for everything gastronomy, is still sleepy. The Dunkin' Donuts' store, however, has a few customers. This writer settles for a 'Naughty Lucy Chicken Burger'. The boy at the

Bakshish Dean/ Johnny Rockets

"We fit all formats; we can be in a food court, smaller footprint store, standalone or even a sports bar"



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See interview with Sanjay Chhabra at
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Sanjay Chhabra/ Wendy's

"Starbucks created a higher priced slot in cafes. We have entered that space in the burger business"



VIVAN MEHRA

counter promptly asks for this writer's number.

"Why?"

"For loyalty programme."

"No, Thank You."

"Some extra cheese?"

"No, Thank You."

The bill: ₹220. Is that a gourmet burger?

A corporate presentation from Jubilant Food Works, the handlers of Dunkin' Donuts in India, has a rather complicated description of this product: "A highly innovative burger with a herb spiced whole wheat and potato/ tender chicken patty centre-filled with creamy molten cheese at the centre of the patty, drizzled with green mango relish and chipotle sauce, and layered with yellow bell pepper, red bell pepper, white onion, jalapeno and crisp iceberg lettuce." Woo-hoo!

Well, Dunkin' Donuts doesn't want to be perceived as "infantile" – it wants to strictly cater to the evolved consumer who knows his food. Dev Amritesh, President and Chief Operating Officer at Dunkin' Donuts India, calls his format 'adult QSR chain'. According to him, that's the sweet spot between a café and the QSR market. "The café market is adult in its DNA – young adults meet for coffee, for social occasions," Amritesh explains. "The profile of the consumer is more evolved in terms of preferences and tastes. However, coffee shops are not taken seriously for their food. QSRs, on the other hand, are not really adult. Evolved consumers find them somewhat infantile," he adds.

So, Dunkin' Donuts thinks it can provide the best of both worlds. The restaurant in Cyber Hub does have a café feel; it plays peppy music, has a mix of high chairs, sofas and metal seating. And the walls are peppered with funky graffiti – not the usual red tinge that dominates all QSRs.

Burgers, today, account for a third of Dunkin's India revenues, coffee and donuts make up the rest of the pie. It is on a fast expansion mode. The CEO is planning 17 restaurants more, from the current 67, by the end of March 2016.

Of course, there are other brands who aspire for similar branding and, perhaps, no one can get more 'adult' than Carl's Jr. "Most international chains might be catering to

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See interview with Dev Amritesh at businesstoday.in/dunkin-amritesh

the pre-teens. McDonald's, for instance, has the clown. "We are the bad boys of the burger industry," says Sam Chopra, Founder of CybizCorp, the franchisee holder of Carl's Jr. in India. His first restaurant in Delhi's Select Citywalk serves beer. Waiters who serve wear tees with edgy messages: "Bite Me, Baby"; "It's Gonna Get Messy", "We've Got Great Buns!", "Hot Enough for You?", "Love Me Tender". The company ran a campaign on Tinder, the social dating app, with a "flirt with the burger" theme.

The food is fun too – one has the option to get honey wheat buns. Second, there are char-grilled options."The health freak society is excited we are in town," says Sana Chopra, a director in CybizCorp. "We also batter bread and fry our chicken tenders, legs, wings and onion rings. It is done in the restaurant fresh. It takes longer to do it than other QSRs, but we are in the middle segment – not QSR, not fine dining either," she adds. Her cheapest burger sells for ₹99; the most expensive is priced at ₹289.

The other American brand in the middle segment is Wendy's, whose highest priced burger comes for ₹199. "That's the middle," explains Chhabra, Promoter of Sierra Nevada Restaurants. "We are not in the category of McDonald's, and we have not gone into fast casual pricing." The brand's Sector 29 outlet in Gurgaon appears more like a casual dining restaurant though. The food is served in bone china plates – there is no wrapper around the burger either.

The new kids on the block do have challenges. For fast growing companies such as Burger King – it has started 32 restaurants since its launch in November 2014 – one of them is choosing the right real estate. "The malls can be done quickly, but there are not many malls in the country. The growth will come from high street and zeroing in is a challenge," says Rajeev Varman, CEO of Burger King India. More competition for real estate implies higher rentals and, thereby, pressure on margins. A second challenge is recruitment of the workforce – on an average, one Burger King store can have 35 to 40 employees in different shifts. For chains such as Johnny Rockets, where burgers can cost ₹400, scalability can be the itch: will it find enough takers beyond large cities? "Johnny Rockets fits all formats – we can be in a food court, a smaller footprint store, standalone or even a sports bar. We are flexible," defends Bakshish Dean, Executive Director at Prime Gourmet.

Most of the "toddlers" are nimble. And the fact that most have started out by building their North Indian bases first, says something about the problems at McDonald's – the company is in the middle of a legal quagmire with Vikram Bakshi, the former Managing Director of Connaught Plaza Restaurants Private Limited (CPRL), the joint venture company of McDonald's, responsible for North and East India. The dispute was sparked by McDonald's decision not to reappoint Bakshi as Managing Director in August 2013. "It is understood that the present situation is causing a lot of harm to the brand. Growth is petering out. There is no doubt it gives added advantage to other QSRs, especially in the North and East," says Bakshi, adding "this is my personal opinion." McDonald's opened 27 restaurants in 2012 in North and East India. It slid to 13 in 2013, and to nine in 2014. In 2015, it has opened two, thus far.

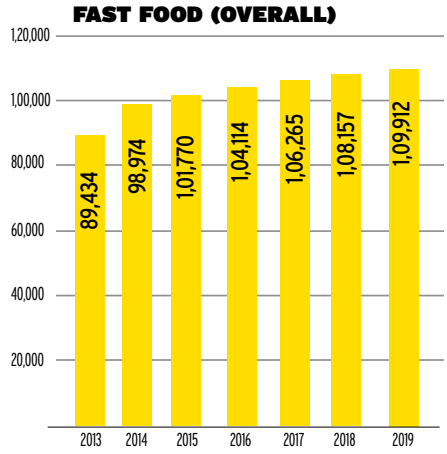
A few newcomers do like playing down the emerging burger battle. Jasper Reid, one of the promoters of Sierra Nevada Restaurants, for instance, calls it "more of a skirmish than a war". But every newcomer, in some ways, feels the evolving Indian consumer would prize customer delight. That would lead to stickiness and, by extension, to more business.

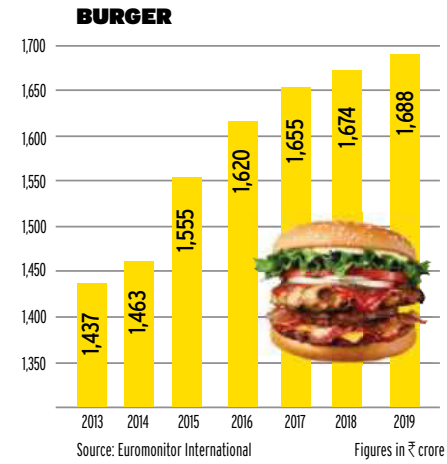
It is 1.20 pm and this writer is at Johnny Rockets' Select Citywalk outlet in Delhi with a friend. What does she like about this place? "People," comes the reply. The cheese fries arrive. The plate has a smiley face drawn in tomato sauce. Six waiters queue up near the kitchen soon after, and break into a song and dance. The burger eaters clap and cheer. ◆

@Goutam20

SIZING UP THE MARKET

Market sizes are listed at food service value retail selling price (RSP)





Source: Euromonitor International

Figures in ₹ crore



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THE BIG FIGHT

Key strengths & weaknesses of major telecom companies

RELIANCE JIO

STRENGTHS

- Large investments amounting to around ₹1 lakh crore in infrastructure, devices and content
- Has the highest spectrum among all 4G operators
- Has more than one lakh base stations to support 4G
- Device prices to start from ₹4,000 and go up to ₹20,000

WEAKNESS

- Patchy record of running consumer-facing businesses
- It will be taking on India's largest telecom incumbents

IDEA CELLULAR

STRENGTHS

- Has spectrum in 12 circles, including Maharashtra, Tamil Nadu and Gujarat
- Recently bought Videocon's spectrum in two circles to boost 4G services
- Spectrum trading and sharing norms can help plug holes in 4G offerings
- Financially strong to fight competition from large 4G players

WEAKNESS

- Just like Vodafone, realised the importance of 4G late

With Airtel introducing 4G services and Reliance Jio's launch just round the corner, the battle to capture India's mobile data business has begun. Vodafone is due to launch in December and Idea in the first half of next year. It's going to be a battle of wits as telcos aim to capitalise on the latent demand for Internet in the remotest corners of the country. By MANU KAUSHIK



VODAFONE INDIA

STRENGTHS

- Has the financial muscle to give a tough fight to large players in key markets

WEAKNESSES

- Has limited spectrum to offer 4G services
- Late in realising the importance of 4G
- Strategy on devices and content is unclear
- Runs the risk of losing 3G customers in several circles

AIRTEL

STRENGTHS

- Has 4G spectrum in two bands – 1,800 MHz and 2,300 MHz – in 15 circles
- A huge base of 3G users who can be easily upgraded to 4G
- Has around 35,000 base stations
- The company's financials are strong enough to support future investments

WEAKNESS

- Disruptive entry of Jio could impact data revenue growth

PHOTOGRAPHS: RACHIT GOSWAMI (MUKESH AMBANI, SUNIL SOOD); DANESH JASSAWALA(KUMAR MANGALAM BIRLA); SHEKHAR GHOSH (SUNIL BHARTI MITTAL)

If you are a rival operator's customer, Bharti Airtel will buy your dongle for ₹1,000, sell you its own 4G Wi-Fi hotspot for ₹1,300 with a competitively-priced data plan, and then DESTROY the rival's dongle. With that, it may have fired the first salvo in the great 4G war that is in the offing. Rivals may have been taken aback by Airtel's aggressive move, and don't have a response yet, but don't expect them to take this lying down. Still, Airtel has made its intentions clear. India's largest telecom operator will not cede an inch of its turf. If you have to fight it, be ready for a long-drawn battle — and a lot of blood on your balance sheets.

While the nation is transfixed on the great e-tail war that has captivated the imagination of the youth, another battleground is being readied for what could be a bigger, nastier — perhaps, bloodier — corporate battle. Unlike e-tail, where firms started by bootstrapping until private equity firms started funding them, the 4G battle is being fought through unprecedented funding by some of India's wealthiest and strongest firms. As against a total investment of around $11.41 billion (₹76,380 crore) in e-tail till date (as per Grant Thornton), the 4G investment adds up to $26 billion (₹1.75 lakh crore), with $17.42 billion (₹1.15 lakh crore) committed for 4G spectrum alone in five auctions. Just the first round of 4G auctions in 2010 netted ₹38,300 crore from companies such as Reliance Jio, Airtel and others. Telcos foresee a multi-billion opportunity in meeting the pent-up demand for Internet by providing superfast broadband with speeds up to 100 mbps on the go; current technologies deliver just 8-20 mbps. In 2013, the global market for 4G LTE stood at over $75 billion, and is expected to top $340 billion by 2017, as per Juniper Research.

Though most players barring Reliance have been cagey about disclosing 4G investments, here are analysts' guestimates based on international norms. Consider this: The $62.2-billion Reliance Industries (RIL) is putting in ₹1 lakh crore to start Jio; but first off the blocks is the $15.1-billion Bharti Airtel, which has already invested an estimated ₹40,000 crore in launching 4G services in 296 cities till date; the £42.2-billion Vodafone's India subsidiary kicks off its 4G venture next month with an estimated initial investment of at least ₹17,000 crore, while the $41-billion Aditya Birla Group-owned Idea Cellular will likely invest another ₹18,000 crore for launching 4G services in the first half of next year. The Aditya Birla group has just acquired Videocon's spectrum in Gujarat and UP (West) for ₹3,310 crore.

But before they go live with their networks, they have to overcome some difficult technological and logistical challenges as the two competing technologies offering 4G — Mobile WIMAX and LTE — are still evolving. For instance, while RIL bought 4G spectrum in 2010, the first LTE handsets were launched a year later, in 2011.

4G Timeline

2010

May 19, 2010: Airtel acquires 4G spectrum in four circles – Maharashtra, Karnataka, Punjab and Kolkata – for **₹3,300 crore.**

June 11, 2010: Reliance Industries buys Infotel Broadband and pays the 2,300 MHz 4G spectrum fee for **22 circles.** Total cost **₹18,000 crore.**

2012

April 10, 2012: Bharti Airtel launches first 4G services through dongles and modems using TD-LTE technology in Kolkata

2013

April 2, 2013: Jio signs an agreement to share RCom's intercity optical fibre network.

June 7, 2013: Jio signs an agreement with RCom for sharing the latter's towers.

October 21, 2013: Airtel obtains 4G licences in Delhi, Haryana, Kerala and Mumbai circles after acquiring Wireless Business Services, a company of US chipmaker Qualcomm.

October 25, 2013: Jio receives unified licence (including for voice telephony) for all **22 circles.**

December 10, 2013: Reliance Jio enters into comprehensive telecom infrastructure sharing arrangement with Bharti Airtel.



Mahendra Nahata

Nahata's Infotel Broadband was the first to win 4G spectrum in all 22 zones

Besides, telcos have to enable their mobile towers with 4G equipment. While Bharti, Vodafone and Idea can strap the equipment to their existing towers, Jio has a bigger task at hand, as it has to start from scratch.

They also have to ensure that they don't disappoint the customer yet again with poor, patchy and untrustworthy networks, as they did with 3G services. Despite the massive demand for Internet across the country, in seven years that 3G services have been available, telcos managed to add just 82 million 3G subscribers as against the total subscriber base of nearly 990 million.

Even after acquiring 4G spectrum more than five years ago, Jio continues to struggle with the commercial launch. Since 2013, the launch date has been postponed multiple times. The most recent statement from RIL says that the launch will take place by the end of 2015/16. Analysts expect it to happen around April 2016.

Jio has already lost the first round to arch-rival Bharti Airtel, which began rolling out its 4G services in April 2012, starting from Kolkata. Jio's initial delay, as experts put it, was due to technological issues with the network. The recent postponement, however, is a result of the company taking an integrated approach under which it will offer not just telecom but also entertainment, financial, chat, health care, education and e-governance services.


Anil Ambani

RJio and Rcom plan to sign a pact to share the 4G network

BLOODIER...AND NASTIER

When these investments will translate into profits is a big question mark, especially as fear of competition has already pulled down 4G prices in India to the lowest in the world. Airtel's offer of ₹500 per month for five mbps is almost one-eighth of what Verizon charges in the US or one-fifth of what O2 charges in the UK. Jio's entry is expected to take this to ₹300-500 per month.

At this rate, telcos will have to get on board tens of millions of subscribers to generate economies of scale. But for that, the network, offerings and services will have to be far superior to what we have in 3G. In fact, the network has to be as omnipresent as today's voice network. But that isn't the case even with the only 4G network of Airtel.

February 14, 2014: Jio acquires 1,800 MHz band spectrum in 14 circles for **₹11,000 crore.**

April 7, 2014: Jio and RCom sign Master Services Pact for sharing of latter's city fibre infrastructure

April 21, 2014: Jio and ATC India sign tower infra sharing pact

June 3, 2014: Jio signs tower sharing deal with **Ascend Telecom**

September 18 & 22, 2014: Jio signs infrastructure sharing agreement with GTL and Indus Towers, respectively.

March 27, 2015: Jio acquired spectrum in 800MHz and 1800MHz bands in 13 circles for **₹10,000 crore**

2014 **2015**

Airtel launches its first **4G services** on mobile in Bangalore.

March 18, 2014: Viom Networks agrees to share its **42,000 towers** with Jio

May 15, 2014: Jio and Tower Vision sign tower infrastructure sharing pact

October 11, 2014: Mukesh Ambani's twins **Isha and Akash** join the board of Jio

November 24, 2015: Idea Cellular announces acquisition of spectrum in two circles from Videocon for **₹3,310 crore**


Akash and Isha Ambani

Alarmed at the low 4G average revenue per user, or ARPU, Fitch Ratings has slashed its outlook for the telecom sector from stable to negative for 2016 as it expects the Jio launch to intensify competition and bring down data tariffs by 15-20 per cent, especially as existing 3G players such as Airtel, Vodafone and Idea will cannibalise their 3G customer base to add 4G subscribers.

"Data' contribution to revenue will rise to 25-27 per cent [from 18-20 per cent in 2015]...we expect blended monthly ARPU to fall 5-6 per cent to ₹160 [from ₹170 in 2015] due to a decline in data tariffs...," it says.

"Let there be fair competition in terms of quality of service and other deliverables. Ultimately, it's the quality of service which will drive consumer base"

Ravi Shankar Prasad/ Telecom Minister

While the economics of 4G are still being worked out, analysts expect negative returns from 4G investments for years. Morgan Stanley predicts that Jio's revenue will grow to $6,699 million by 2019/20. It expects Jio to make losses of $300-1,000 million every year during this five-year period.

But how big is the 4G opportunity that the players are making huge investments despite zero visibility on profitability? Analysts say that a large investment from one operator (Jio) is forcing others to also invest. As consumers will gravitate towards operators that will offer 4G, no player wants to miss the 4G bus.

As per an IAMAI-IMRB survey, there were 277 million mobile internet users in India in October. The number of mobile subscribers was 988.69 million in August. A substantial chunk of these mobile internet users is on 2G networks. The first potential users of 4G will be the 82 million 3G users.

According to a report by telecom regulator Trai, the use of mobile data is growing at a scorching pace. For instance, in quarter ended March 2014, the total data usage per subscriber — for both GSM and CDMA services — stood at 61.66 MB per month. In quarter ended March 2015, the comparable figure was 99.46 MB, a jump of 61 per cent.

For telcos, contribution of data to revenues is also showing a steady increase. For every ₹100 earned by GSM providers, ₹67.38 is coming from voice and ₹25.05 from data.



SHASHANK SHEKHAR

Where the Big Guns Stand

Huge 4G investments may put further pressure on margins

	BHARTI AIRTEL	IDEA CELLULAR	VODAFONE INDIA**
Revenue	92,039.4	31,570.9	40,605.5
EBITDA	31,451.7#	11,296.4	13,051.0
Profit after tax	5,183.5	3,192.9	1,165.6
Return on capital employed (%)	8.1	8.9	NA
Average market valuation*	1,45,433.7	54,194.3	na

All data for financial year ended March 2015; **data for 2013/14; *for the financial year; figures In ₹crore; all data is consolidated; # before exceptional items; NA: Not available; na: not applicable; Jio has not started operations yet; Source: Ace Equity

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Still, the biggest challenge for telecom operators would be to increase ARPU from data. At present, a big chunk of Airtel 3G is used by customers who have taken the one-GB plan. The 4G speeds are higher but eventually consumers will need to spend more on data. "We think approaching it mathematically doesn't work. We think of it as providing customers a great experience. They will decide how they upgrade with time," says Srini Gopalan, Director, Consumer Business, Bharti Airtel. He is the man in charge of the company's 4G rollout.

Analysts say that Jio, which will start the game from zero, will have a daunting task of convincing 4G users to get new handsets considering that 95 per cent subscribers are still pre-paid with an ARPU of ₹160 per month.



RACHIT GOSWAMI

ARPUs in India have shrunk due to cut-throat competition. Recall that this was the primary reason that Bharti Airtel went on an acquisition drive in Africa. In fact, ARPUs in Asia are among the lowest in the world — roughly 50 per cent below global average, even lower than in Africa. This means slim margins.

AND HERE GOES THE FIRST SHOT...

As they lose money initially, this battle will be about staying power. In the interim, however, expect it to get nastier as more players join in. As the Airtel offer for rival operators' dongles proves, this is just the beginning. "In almost every country that has deregulated spectrum, market share battles have been epic and profits have been difficult to sustain. Consider the battles in countries such as Brazil, much of Africa and South America to see what happens. India is probably the most competitive market among all emerging countries right now," says Kannan Ramaswamy, William D. Hacker Chair Professor of Management, Thunderbird School of Global Management, Los Angeles.

Airtel has already launched the 4G service at 3G rates. So, all existing 3G subscribers can automatically upgrade to 4G. But Goldman Sachs expects Airtel to reduce prices by 25 per cent in 2016/17 in response to Jio's launch. It, though, is assuming that increased consumption will offset the impact of price cuts on revenues.

Everything boils down to affordability. Jio wants to lure a large crowd of consumers. For that, the cost of 4G service and devices should be low. Chairman Mukesh Ambani had indicated in June that he plans to offer 4G services for ₹300-500 per month.

Besides this, Airtel and Jio will face off in many other areas. Take, for instance, customer ease. Typically, moving to 4G requires a new SIM. Airtel is making the transition simpler by promising delivery of 4G SIMs within four hours of request, though several customers say they did not receive theirs within the stipulated time. "Customers are not going to take six extra steps just to try out new technology. The more pain we take out of the transition, the more the ecosystem is going to develop," says Gopalan.

Similarly, Jio has developed an app – Switch N Walk – that lets users transfer their entire data from one phone to another in about five minutes. "Jio is not built like any other telecom operator. It is a true internet age company. You should have the agility of Internet and at the same time the infrastructure of telecom companies which internet companies miss," says a Jio executive. It has created different teams for each of its applications, and its total workforce is around 25,000. "The network infrastructure is ready and going through extensive tests to ensure a seamless experience for subscribers. Business platforms, too, are being tested in a limited use environment. A large

"The network infrastructure is ready and going through extensive tests to ensure a seamless experience for subscribers. Business platforms, too, are being tested in limited use environment"

Sanjay Mashruwala/ MD/ Reliance Jio Infocomm

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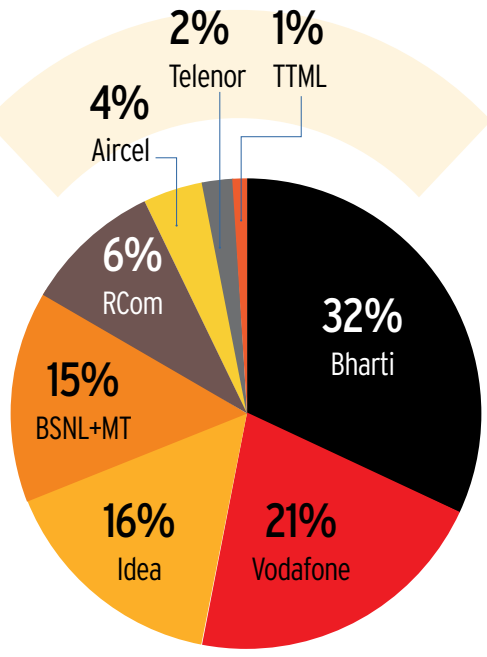
team of testers has been deployed across the country to facilitate extensive validation of the services," says Sanjay Mashruwala, Managing Director, Reliance Jio Infocomm.

It seems that in the big Airtel-Jio fight, Idea and Vodafone are likely to play smaller roles. Both realised the importance of 4G late. Idea, for instance, started acquiring 4G spectrum last year and so far has the spectrum in 12 circles — Maharashtra, Kerala, Madhya Pradesh, Punjab, Haryana, Andhra Pradesh, Tamil Nadu, Karnataka, North East, Orissa, plus Gujarat and UP West, which it acquired from Videocon for ₹3,310 crore this month. In February last year, Vodafone won 4G spectrum in five circles: Delhi, Mumbai, Kolkata, Karnataka and Kerala.

In fact, Vodafone continues to bet big on 3G. "The relatively low proliferation of smart phones and LTE handsets in India and the nascent stage of the ecosystem make us believe there is still huge headroom for 3G to grow even as a select set of customers migrates to 4G," says a Vodafone India spokesperson.

Wireless Market Break-up

Airtel remains the market leader



Figures for Nov 2015; Source: TRAI, Companies, Fitch

Himanshu Kapania, Managing Director, Idea Cellular, accepts that India's third-largest telecom operator could not anticipate the 4G scenario. "We made an initial announcement that we will do it [4G launch] in late 2016-early 2017, for the reason that we believed that both capital prices of 4G equipment as well as handset prices were not right for a country of our income levels. However, the market has moved very fast. China has installed a billion base transceiver stations, or BTS, which has brought down 4G handset much faster than we anticipated in 2014, and that's why this June we took a board approval to advance our 4G launch to the first half of 2016," he says.

Kapania believes that it is a long journey, "and in a long journey whoever takes the first two steps is not going to be important," he says, hinting at Airtel's August launch and Jio's impending entry.

Sceptics argue that tall claims for 4G are in stark contrast to the 3G story. The 3G experience across the country is far from satisfactory. Telecom Minister Ravi Shankar Prasad says that one operator has rolled out [4G], let others also come. "Let there be fair competition in terms of quality of service and other deliverables. Ultimately, it's the quality of service which will drive consumer base," he adds.

Taking eyes off the customer may spell doom. Take the case of Bangalore-based Avijit Ghosh. He bought a 4G Mi-Fi device and 10 GB monthly plan for ₹999 from Airtel six months ago. In October, the device stopped working. He tried using it at various locations but failed. He also got the device checked. The customer care told him that they are facing network problems, and that he will not have to pay for 15 days. Ghosh says Airtel failed to honour its promise and he paid the entire amount. "While the network problem has been resolved now, the incident has affected my perception about Airtel," he says. His account though could not be independently verified.

What is 4G?

Stands for fourth generation. It's a mobile network which is intended to replace 3G, allowing wireless broadband access at superfast data download speed.

How is it different from 3G?

Average download speed on 3G network is 14.4 Mbps with upload speed of 5.76 Mbps. On a 4G network, the download speed is 100 Mbps with upload speed of 50 Mbps.

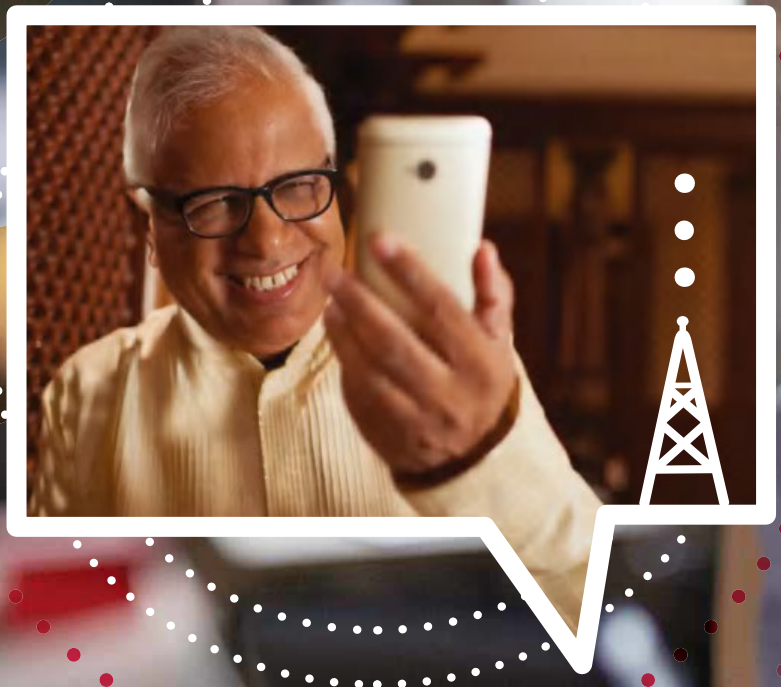
The pioneer

Sweden was the first country in the world to commercially launch 4G in late 2009 in the cities of Stockholm and Oslo.

The global user base

ABI Research estimates that there will be nearly 1.37 billion 4G LTE subscribers worldwide by end 2015, up from 650 million in 2014.

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"We believed that both capital prices of 4G equipment as well as handset prices were not right for a country of our income levels. However, the market has moved very fast"

Himanshu Kapania / Managing Director, Idea Cellular

Romal Shetty, Partner and Head (Telecom), KPMG, says that smaller telcos and telcos with less 4G focus will get marginalised in the big 4G battle. "India is the only country where 2G, 3G and 4G rollouts are happening simultaneously. Airtel has set the ball rolling but 4G still has a long way to go," he says.



RACHIT GOSWAMI

THE WALLED GARDENS

On the content side, while Vodafone's and Idea's strategies aren't known yet, both Airtel and Jio are taking a 'walled garden' approach where they have developed proprietary apps for movies, music and mobile payments. In August, Airtel, Reliance Industries, Vodafone, and Aditya Birla Nuvo (associated with Idea) received licences for payment banks from the Reserve Bank of India.

Airtel has introduced Wynk Movies, an online marketplace for videos, which has various partners such as Hooq, Eros, YouTube, Sony Liv and Dailymotion that bring their content on the platform. So, in one app, there's Hollywood (Hooq), Bollywood (Eros), and other forms of video entertainment. In order to hook users to Wynk Movies, Airtel is giving free access to five movies a month to customers where they pay for the data usage and not the movies.

Jio has a more comprehensive content strategy. It has created a bouquet of services that will include digital commerce, media & entertainment, cloud and payment services. The application kitty includes Jio Chat (Indian version of WhatsApp with conferencing facility), Jio Drive (enabling cloud capability), Jio Play (catch-on TV), Jio Beats (Music), and Jio Money (mobile wallet and payment service). Jio has operationalised nearly half a million square feet of its own cloud data centres.

For each of these apps, Jio is building its own ecosystem. In the case of Jio Play, for instance, the company is tying up with various TV channels to provide their content on its app. It already has Network 18, owned by RIL. For Jio Money, it is bringing merchants on board to enable cashless transactions between them and customers. But why Jio has decided to develop its own apps when there are already similar apps in the market is not clear. For instance, Paytm and MobiKwik are already providing online payment solutions.

Jio says that Jio Money will take away the pain from online transactions, and Jio Play will have a much larger number of channels that what's being offered in the market today.

All the 4G players believe the way to grow data ARPUs — and revenues — is through consumption. Take, for instance, music streaming apps. When Airtel launched Wynk Music in September last year, there was not much traction happening on music apps. Today, listening to music online is the third most preferred activity of urban Internet users in India, followed by accessing e-mails and social media, according to market research firm JuxtSmartMandate.

Shetty of KPMG says that astrology, Bollywood, cricket and ecommerce are going to drive data consumption in India. "As far as tariffs are concerned, telcos will keep prices low for a year to get people onto 4G. The idea is to increase the share of a [existing data] customer's wallet that the company receives because once people get high speeds, their data consumption goes up. Also, it's about getting new data users," he says.

HOW THEY STACK UP

Airtel has already taken a lead in what looks like the biggest telecom battle in years. In the case of 4G services, the first-mover advantage is crucial.

In India, the 4G ecosystem is developing around three bands – 800 MHz, 1,800 MHz and 2,300 MHz. The three


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are also the most preferred spectrum — in that order because of their ability to transcend concrete buildings easily, leading to better coverage. Globally, the most widely used spectrum in LTE networks is 1,800 MHz.

Take Jio. It holds the maximum 4G spectrum consisting 2,300 MHz band across all 22 circles, 800 MHz in 10 circles and 1,800 MHz in 18 circles. Airtel, on the other hand, has spectrum in nine circles for 2,300 MHz band, and in 15 circles for 1,800 MHz band. In comparison, Vodafone has 4G spectrum in five circles and Idea in 12 circles. According to the telecom minister, the licence has been granted to Jio and Airtel for 4G. "Anyone else also applies depending upon satisfaction of the eligibility condition, we are okay with that. Our insistence would always be that the service has to be good," he says.



SHEKHAR GHOSH

The minister's statement raises questions on the launch dates given by Idea and Vodafone for 4G. Vodafone, however, confirms it's ready for launch in December this year. Idea plans to launch in the first half of the year and hopes to cover 750 cities. It is likely that the two operators have not yet got the final nod from the Department of Telecom (DoT). "We have applied and demonstrated the capabilities of the network in various circles. We are waiting for the DoT clearance," says an Idea spokesperson.

Both Jio and Airtel are taking different approaches. Take, for instance, the strength of their network. Jio has installed more than 30,000 towers, and tied up with around eight tower companies, including Indus Towers, ATC and Viom Networks, for taking 70,000 towers on lease. Airtel, on the other hand, doesn't share specific details on the towers. At the time of the August launch, it had reportedly 35,000 BTS for 4G. Typically, one tower has one BTS. In March this year, Bharti Airtel Chairman Sunil Bharti Mittal had said that Airtel has 20,000 BTS and, by March 2016, will have another 20,000.

Nevertheless, telecom operators are leaving no stone unturned when it comes to providing last-mile connectivity. Jio, for example, has laid out an optic fibre network across the country measuring 2.5 lakh km. Airtel's network is shorter at 1.99 lakh km. Jio is now in the process of wiring up commercial and residential locations in key markets such as Delhi and Mumbai to meet the internet, telephone and cable TV requirements of high-end consumers. The company is also preparing for JioTV, which will replace DTH and cable TV.

> "Customers are not going to take six extra steps just to try out new technology. The more pain we take out of the transition, the more the ecosystem is going to develop"
>
> Srini Gopalan/ Director, Consumer Business/ Bharti Airtel

"It will be tough for rivals to compete with Jio when they come up with a network comprising towers, optical fibres and submarine cables," says Rishi Tejpal, Principal Research Analyst, Gartner.

When Jio formally launches 4G next April, Airtel will face its biggest test. So, how's it going to differentiate itself from Jio? "In our minds, it's less about differentiation and more about creating the ecosystem. We are in such early days of 4G," says Gopalan. "We are a child of competition. We believe we become better, consumers benefit and the industry grows as a result of competition. We are in a competitive market and we will respond," he adds.

Airtel claims its 4G network is underpinned by two levels of circuit switch fallback which enables each of its 4G SIMs to fall back on either 3G or 2G network for data or voice where 4G network is not sufficient.

Till recently, Jio's capabilities were seriously questioned because it didn't have a fallback network. But

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"As far as tariffs are concerned, telcos will keep prices low for a year to get people onto 4G. The idea is to increase the share of a [existing data] customer's wallet that the company receives because once people get high speeds, their data consumption goes up. Also, it's about getting new data users"

Romal Shetty / Partner and Head (Telecom), KPMG

with Reliance Communications Chairman Anil Ambani announcing a possible tie-up with Jio last month, it's likely that Jio could make RCom's network its fallback option.

With the amount of spectrum that each player holds, it is becoming increasingly clear that the 4G market will largely be divided between Jio and Airtel for the next few years. Idea and Vodafone will launch 4G services in some circles but their ability to compete with Airtel and Jio on a pan-India basis will be restricted by the limited spectrum that they own.

According to a Bank of America Merrill Lynch report, the big three operators – Bharti Airtel, Vodafone and Idea – will gain if the Jio launch is delayed. "With the big three telcos expected to have rolled out 4G selectively... before March 2016, we expect their top-end consumers to migrate to 4G... These customers are unlikely to switch to Jio given the comfort these customers would have with their existing operators and general laziness to switch unless there is a very compelling proposition," the report said pointing out that Jio's expected lower pricing strategy can be a sustainable offering in poaching subscribers.

Jio says that its USP will be the HD voice quality in calls on its 4G network since it uses Voice-over-LTE (VoLTE). Airtel does not have VoLTE. It is banking on a fallback network. VoLTE technology, an advanced version of Voice over Internet Protocol calls, is quite nascent though. According to brokerage CLSA, the number of 4G handsets is 10 million, most of which are not VoLTE-enabled. Most 4G devices that are shipped in India today don't naturally support VoLTE. In fact, there are reports that Samsung has decided to not join Jio's platform for its VoLTE handsets over concerns related to its distributors.

The report estimates that Reliance Jio will be the market leader in terms of 4G subscriber base from 2017 onwards till 2025, followed by Bharti Airtel, Vodafone and Idea Cellular. According to sources in Jio, the company is looking at building a subscriber base of 100 million in a year. The figure is out of sync with BoA-Merrill Lynch's projections that says that India is expected to have nine crore 4G subscribers and 18 crore 4G smartphones by 2018.

That may be so. But in the world of technology, leaders get dethroned with the advance of technology. And today's 4G leaders will have to keep a watch on the proliferation of Wi-Fi networks being rolled out, besides the call for government-run free Wi-Fi in many parts of the country. Not to forget the Internet via space projects being planned by Google and Facebook, which promise high speed Internet free of cost to the consumer exactly like all other Google products such as search, e-mail and Android. Finally, there is 5G on the horizon, too. ◆

Additional reporting by Nevin John and Alokesh Bhattacharyya

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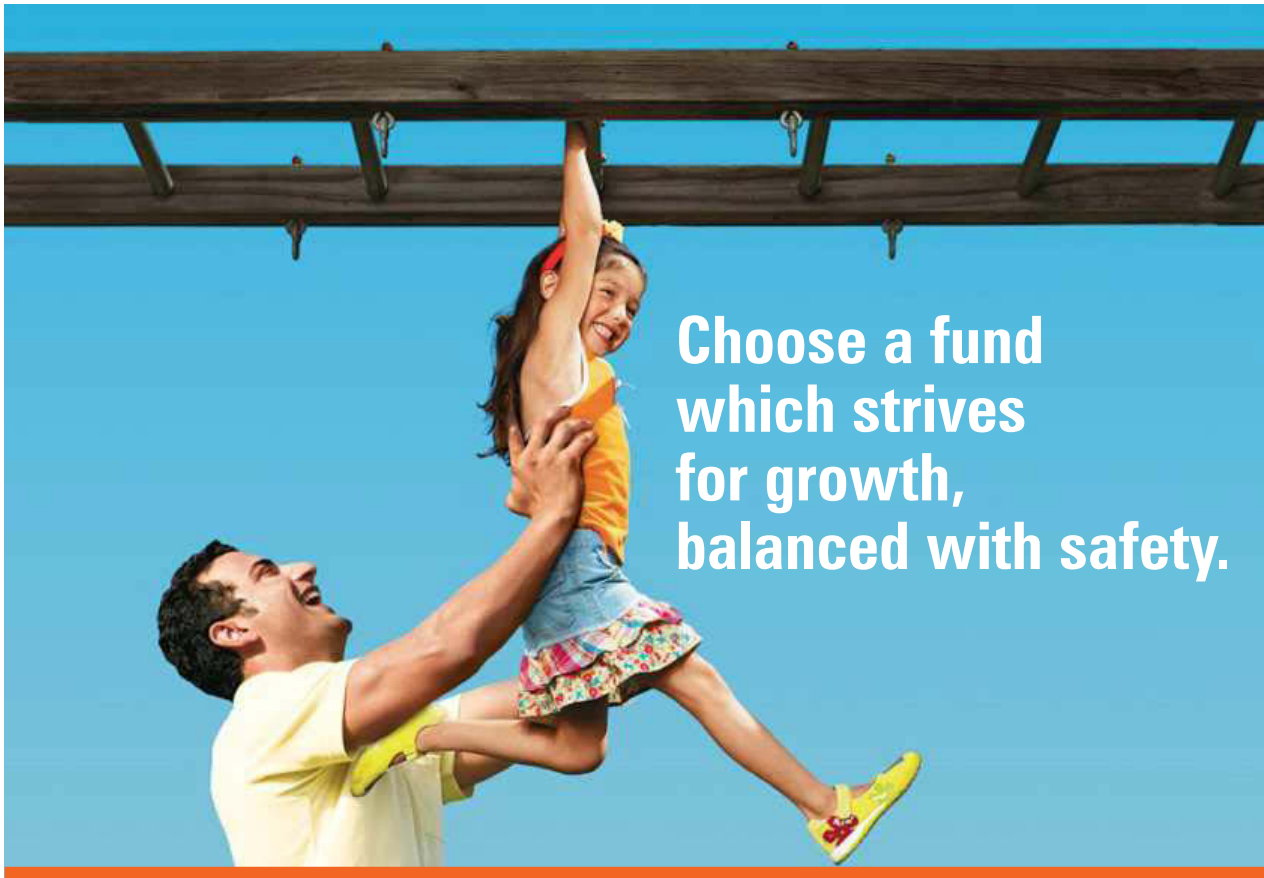
WHAT ANALYSTS SAY

"India's smartphone penetration of 19 per cent is still very low, but the market is seeing an expanding range of both affordable and high-end devices... While the current 4G handset population is estimated at around 10mn (majority not VoLTE-enabled), we expect this to increase to nearly 180mn by FY18."
CLSA Indian Telecoms report, November 2015

"Rural India accounts for 70 per cent of the population but still has mobile telephony penetration at sub-50 per cent levels, and we see this as a sizeable opportunity for the top three operators."
BNP Paribas India Telecoms report, September 2015

"Over the past few quarters, the overall contribution of voice revenues has continued to shrink. On an incremental basis, data accounts for over 70 per cent of all revenue growth and increasingly the incremental revenues from voice are shrinking."
Barclays India Telecom Services report, November 2015

"We believe that the Jio launch could help further bring down any price differential between 3G & 4G tariffs as well as 3G & 4G smartphone prices. This, coupled with declining 4G smartphone prices, will likely make it easier for consumers to switch from 2G to 4G directly."
BofA Merrill Lynch Telecom - India report, October 2015



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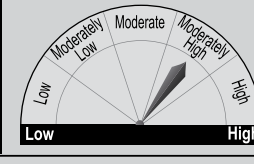
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WHERE MARUTI STANDS

Market Share
47%
(India)

Profit (FY15)
₹3,711
CRORE

Cash Reserves
₹8,000
CRORE



The NEXA showroom at Nehru Place, New Delhi

Nexa Gamble!

Maruti bets on new premium outlets to shed the mass market tag, but the makeover will not be easy.

By CHANCHAL PAL CHAUHAN

Shishir Panjikar, a resident of Bihar, had no idea about the surprises awaiting him when he booked Baleno, the latest hatchback from Maruti Suzuki, known more for its affordable cars than anything resembling luxury. The minty pearl arctic white 1.3-litre Baleno he had booked was sent to his house in the remote Tilkamnjhi block in Bhagalpur on a flatbed truck, covered bumper to bumper with a red velvet cover. His



Maurti Non-Executive Chairman R.C. Bhargava (left) and MD & CEO Kenichi Ayukawa

entire family was invited to a makeshift camp for the car's unveiling, followed by a cake-cutting ceremony, exchange of gifts and handing over of the keys.

At the centre of the effort was NEXA, a chain of plush showrooms — where tables are laid in style and freshly-baked cakes are offered during delivery of vehicles — that Maruti is opening to re-invent itself for the premium segment. The idea is to shed its image as a maker of budget cars.

The initiative was started in July, a few days before the onset of the festive period, when car sales peak. At last count, Maruti had opened 85 such showrooms for selling its latest offerings — the S-Cross and the Baleno hatchback. The NEXA showrooms, which will sell only high-end models, are delivering around 8,000 cars per month.

Maruti, in spite of its pole position (47 per cent market share), has always struggled to make a mark in the premium segment. NEXA, it says, will offer options to customers looking for upgrades.

"There is a perception that Maruti, though highly reliable, is a value-for-money brand. NEXA is a serious attempt to notch up customers in fancy segments," says Maurti Suzuki Non-Executive Chairman R.C. Bhargava.

> "We are trying to reach out to a new segment **of customers for** the first time as half the **market is** currently not with us"
>
> -Kenichi Ayukawa, MD & CEO

But will it click? While NEXA's lacklustre record till date and the fate of Maruti's earlier attempts to crack the premium end of the car market don't inspire confidence, a lot of experts say that NEXA has the right ingredients that can make it work in the long run.



VIVAN MEHRA

Slow Takeoff

Maruti plans to open 100 NEXA outlets by March 2016 and 200 by March 2017. The target is to offer upscale customers personal relationship managers, iPad-operated store systems, virtual tours backed by a mobile app, and emergency support. Maruti has hired 1,000 relationship managers so far and plans to take in another 1,500 over the next few months.

However, reports suggest that the first vehicle sold through NEXA, the S-Cross SUV, has not done very well. Launched in July, it has been overshadowed by Hyundai Creta, launched around the same time, and is being sold at a steep discount (see *S-Cross Vs Creta*).

This forced Maruti to deviate from its strategy of using just NEXA for upmarket products. It allowed Baleno, its next launch, to be also booked at the regular 1,682 outlets. Deliveries, though, are being done only from NEXA outlets. A non-NEXA dealer gets around ₹15,000 for each booking that it forwards to NEXA.

"We have developed a hub-and-spoke model for catering to all customers going for our new launches. While the cars can be booked at all the outlets, the deliveries will be handled by NEXA. We are trying to create a 'wow' factor in the car ownership experience," says R.S. Kalsi, Executive Director for Market and Sales.

"NEXA is exclusively for premium cars, something that Suzuki, Maruti's parent, has always craved for, just like the multi-level outlets that Toyota has in Japan. After its exit from the US and Canada, Suzuki's latest attempt to earn the premium tag has had a tough start," says Deepesh Rathore, the Founder-Director of New Delhi-based EMMAAA, which provides consultancy to automobile companies. The tweak in the business model, though, seems to have worked for Baleno. Around 30,000 bookings have been reported in the first month of the launch, which is impressive if we consider that the company has dispatched just 12,732 S-Cross since the SUV's launch in July. Of course, one reason for this could be Baleno's artificially lowered invitation price, ₹4.99-8.11 lakh, which the company is calling an introductory offer. The price of S-Cross (₹8.34-13.74 lakh) is considered high by several experts.

The other problem is lack of service centres. The cars sold through NEXA are being serviced at regular Maruti service stations. This means customers do not get the premium experience they are being promised at the time of purchase. "We are trying to channelise our services through NEXA, but that will take time. Till then, we have asked our relationship managers to take care of the service needs of NEXA customers," says Kalsi.

Experts say that these gaps may dilute the brand value of NEXA with some dealers even questioning the viability of their investments. As it is, the high cost of real estate in India means opening a NEXA outlet could cost ₹5-10 crore, even more in cases where land also has to be bought. Even Maruti has sunk in a lot of money in the initiative. Its advertising agency, Hakuhodo Percept, for instance, is reported to have got the NEXA account for ₹100 crore. Industry sources say promotional budgets for both S-Cross and Baleno have also been quite high. The company refused to confirm these details.

Maruti, however, maintains that NEXA very much gels with its larger long-term plans. Its MD & CEO Kenichi Ayukawa says NEXA is part of the fresh initiatives necessary to attain the medium-term annual sales target of two million cars by 2020. "We have to take initiatives to meet the diversified expectations of customers. NEXA provides a never-seen-before hospitality experience in a rapidly-changing India and caters to a diversified range of customers. We are trying to reach out to a new segment of customers for the first time as half the market is currently not with us," he says.

NEXA STRATEGY

100
outlets by March 2016

85
sales points already operational

Synergy with existing dealers who are well-entrenched with the company

Maruti is targeting **2 million** sales by 2020

Diversify or...

How different is NEXA from Maruti's other attempts to diversify, only a few of which have been successful? It had, after all, opened differentiated dealerships in early 2000 too, after hiring an ex-Uniliver honcho. The entry-level vehicles such as Maruti 800 and Omni were sold at majority of the outlets while a few dealers such as Rana Motors and Marketing Times were roped in for more ex-

> "There is a perception that Maruti, though highly reliable, is a **value-for-money** brand. NEXA is an attempt to notch up **customers in** fancy segments"
>
> -R.C. Bhargava, Non-Executive Chairman

pensive cars such as Zen and Esteem. However, these were merged with the regular outlets due to poor sales. Maruti had also ventured into the financing business. These subsidiaries, opened with GE Capital and Citibank, were scrapped. Also, a co-branded customer loyalty card programme with Citibank was shut down in 2010.

One of its biggest successes is, of course, True Value, launched in 2003 as India's first organised used car business. It sells over 3.58 lakh cars every year, more than the combined sales of Honda, Toyota, Renault, Volkswagen, Nissan and Skoda. Also, the rural sales initiative, started in 2007, accounts for 34 per cent sales, helping the company sell small cars in more than 1.5 lakh villages.

Such a mixed record on new initiatives warrants a question — has Maruti got the timing of NEXA right, especially as car sales in the country are muted and Maruti, Hyundai and Honda are the only car makers in India that are doing well?

"There is a growing disenchantment with the Indian car market, which has not lived up to expectations. Anticipating steady growth, almost all car companies built huge plants here. Most are now saddled with under-utilised capacity," says Amit Kaushik, Country Head with JATO Dynamics, a global automotive research and consulting firm. According to the Society of Indian Automobile Manufacturers, the country's 16 car makers can produce six million cars annually, but rolled out just 3.22 million in 2014/15. Of these, 2.60 million were sold in the country and 0.62 million were exported.

Maruti thinks NEXA is just the right fit in this difficult market as it taps the emerging class of customers looking for upgrades and pricier/bigger vehicles. Its confidence stems from the fact that in spite of being a maker of low-cost cars, its profits continue to soar. Revenue growth, for instance, has been 35 per cent a year for the past five years. In 2014/15, it earned a profit of ₹3,711 crore on top line of ₹49,970 crore. In the quarter ended September 2015, its profit rose 42 per cent to ₹1,226 crore. So, if there is one car maker in India that has the ability to take big risks, it is Maruti. And NEXA, say automobile experts, may just be its answer to critics who point to the failure of its earlier premium launches such as the Grand Vitara SUV in 2003 or the top-end Kizashi sedan in 2011.

Maruti has made several attempts in its three decades of operations in India to go beyond its core customers, points out Abdul Majeed, an auto expert and a partner at consultancy Price Waterhouse. "Despite introducing India's first contemporary sedan, Maruti 1000, in 1990, it has remained a small

S-CROSS VS CRETA
Sales figures since debut

Maruti S-Cross		Hyundai Creta
1,510	July	6,783
4,602	Aug	7,437
3,603	Sep	7,320
3,017	Oct	7,225
12,732	Total	28,765





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car company. With the exception of Esteem, most of its bigger cars could not motivate customers to not look for options such as Honda, Toyota, or even Skoda. Now, with the company planning to introduce 15 new cars, many of which will make their global debut in India, NEXA could be an answer to some of its past mistakes."

A confident Bhargava says they are working on long-term solutions for the country's market. Besides NEXA, another step in this direction is a plan to invest around ₹4,000 crore to buy land parcels that will be given to dealers on lease. "Given the high cost of real estate in India, the initiative will help the company sustain its marketing drive and retain the edge amid rising competition. Also, this will incentivise dealers to expand their network in rural markets that generate huge incremental sales," says Bhargava.

Other Lessons

Among the first auto makers to experiment with the retail strategy was Tata Motors, which launched its Concorde outlets in 2002. These are not exactly what Lexus is to Toyota or Acura to Honda — separate brands with new pedigree of vehicles — but outlets that sell and service Tata cars in big cities like Bangalore, Chennai, Hyderabad, Delhi, Mumbai, Pune and Cochin. But limited reach prevented it from becoming a benchmark in automotive retail.

Bajaj Auto had also opened Probiking outlets to sell top-end Pulsar bikes. These were for 200cc-plus models, but the market for high-end bikes did not expand much, making the outlets unviable. Bajaj converted these into KTM outlets.

Japan's second-largest carmaker, Nissan, which entered India in 2007, tried a different strategy. It outsourced sales to Hoover Automotive India. The arrangement lasted a few years and was marked by bickering between the two sides. Nissan finally took control in February 2014. The experiment to separately sell the low-cost Datsun cars didn't work either. So, Nissan came out with a twin-brand strategy where Datsun cars are retailed along with Nissan-badged vehicles. But the latest launches, the Datsun GO+ wagon and the Go hatchback, have also not taken off, and it seems the strategy is not working. There are reports about deliberations for completely segregating Datsun.

THE FUTURE

Aggressively-priced Baleno hatchback has started off well

New products may add traffic over the next few months. This may improve S-Cross sales as well

The service is still done at non-NEXA outlets. A new set-up is being worked out

Non-NEXA dealers fear their business will be hit. They have already forced Maruti to share revenue for referrals to NEXA

Investment for a NEXA outlet is three times higher than that for a regular outlet. Whether the dealers invest so much money remains to be seen

That is why Maruti is not leaving anything to chance. According to industry experts, marketing and ad spends for NEXA and S-Cross are in the range of ₹140 crore, more than the ₹116 crore that has been spent on the Ciaz sedan since its 2014 debut.

Still, it will not be easy to build a presence in the premium segment. "I am not convinced about their new strategy, though it is too early to draw conclusions about NEXA," says Rathore of EMMAAA. "Also, the performance of many premium models is under question. Maruti lacks new engines and crispy designs like its rival Hyundai, while many other car makers have been able to import engines from Thailand or Japan to bring in diversity. Baleno shares Swift engines, which may irk upmarket and premium customers," he adds. A majority of Maruti sales, close to 60 per cent, are accounted for by hatchbacks such as Alto and Swift along with the DZire sub-compact, all sub-₹10 lakh products.

Global Edge

The dynamics of the car market are changing fast. The entry of global players in India with their hugely successful models has put immense pressure on Maruti Suzuki to perform better. These include Japanese peers like Honda and Toyota, which have already launched India-centric models, increasing their share of the market.

This can hardly be good news for Suzuki, which is already out of the strategically important markets such as Canada and the US. Sales are also sliding in critical markets such as Europe and Japan. This has put Maruti under strain to keep its leadership intact for long-term sustenance of the parent. The emergence of NEXA stems from Maruti's thirst to get its rightful place in the premium segment.

Ayukawa clarifies his vision for the new set-up: "NEXA's mission is to offer innovative value and direction, so that we can adequately respond to the new segment of Indian customers and offer services they value. NEXA will allow Maruti Suzuki to cater to a broader range of customers who value innovation and personal touch in their car-owning experience." ◆

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Pawan Munjal,
CMD & CEO,
Hero MotoCorp:

"I'm gunning for leadership in scooters too"

PHOTOGRAPHS BY VIVAN MEHRA

Road to Resurgence

Scooters have returned from near-oblivion in the 2000s to claim 30 per cent of the two-wheeler market. The dramatic tale of their rise, decline and recovery.

By CHANCHAL PAL CHAUHAN

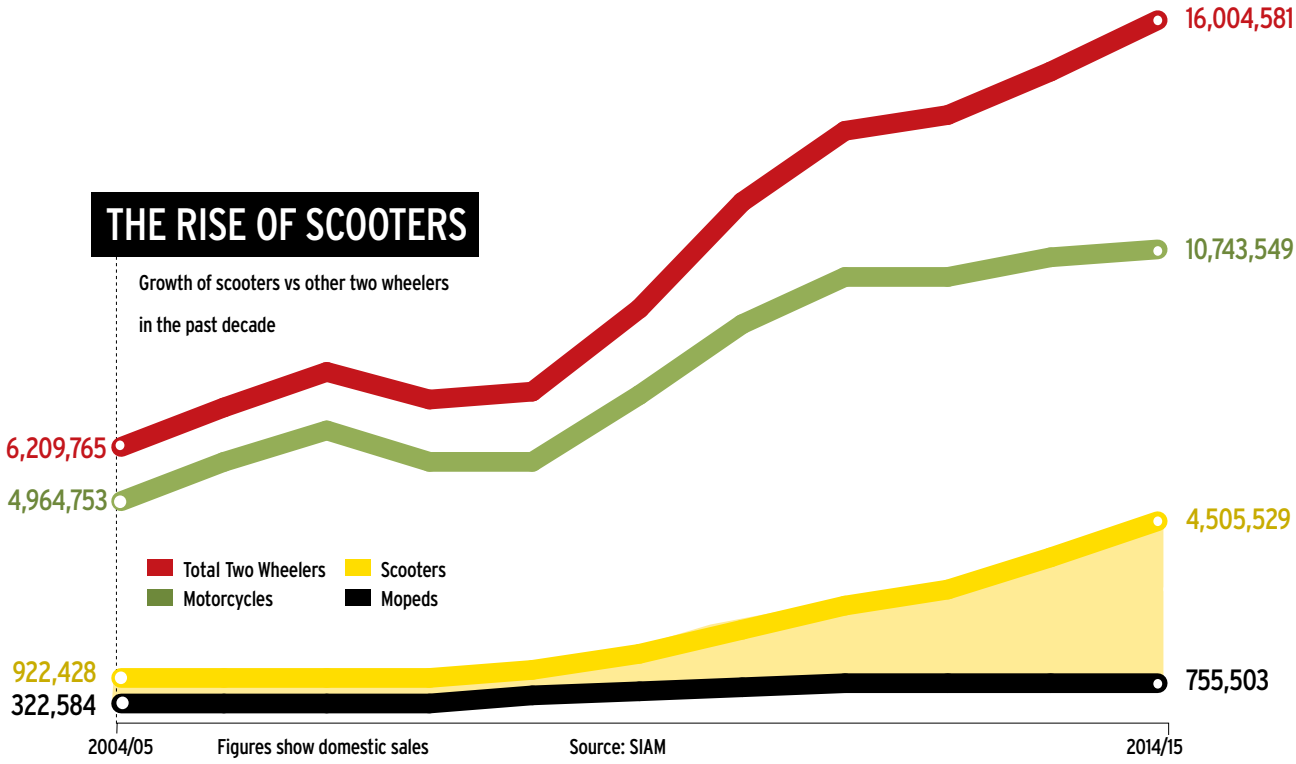
It is a remarkable turn in a long and tumultuous journey. After dominating Indian roads for 40 years, scooters rapidly sank into near-oblivion for the next 10, but in the past few years have been making a spirited comeback. In October this year, they comprised 30 per cent of all two wheelers sold – their highest market share since 1998-99 when motorbikes overtook them. In 2014/15, the scooter market grew 25 per cent, while motorcycles' sales growth was only two per cent. In the first half of the current financial year, scooter sales have risen by 10 per cent, while bikes have reported a three per cent drop. "We expect scooters to remain unfazed by the sluggish automotive market and outsell bikes with a healthy double-digit growth rate," says Abdul Majeed, auto expert and Partner at PricewaterhouseCoopers (PwC).

The company primarily responsible for the turnaround is the Japanese giant Honda, whose wholly owned two-wheeler making subsidiary, Honda Motorcycle and Scooter India (HMSI) tentatively introduced the Activa brand in 2000. Today, led by Activa and followed by a range of other brands, HMSI holds around 58 per cent of the scooter market, while its main rivals TVS Motor and Hero MotoCorp have about 13 per cent each. "It was a tough call when we started, with bikes dominating the market and scooters on the brink," says Keita Muramatsu, President and CEO, HMSI. But there was no alternative for HMSI, since Honda was already making bikes in a joint venture with the Hero Group and had a non-competing agreement with it. (The Hero Honda partnership ended after 26 years in December 2010.)

How did HMSI bring about the transformation? Success did not come overnight – for years after Activa's launch, scooter sales continued to slide. But its engineers kept working on the technology, inducting electronics at a time when most scooter engines were mechanical in nature, steadily improving power and mileage without compromising on the unisex appeal – compact size, sleek design and manageable weight. It introduced a centrally mounted engine that gave Activa stability on par with bikes. It brought in a puncture resistant tuff-up tube for the tyres, rendering the ugly back-strutted stepney all scooters carried at the time, redundant. "We worked on new electronics that helped us introduce the automatic, self-start system, backed by a better electric source," says Y.S. Guleria, Senior Vice President, Sales and Marketing, HMSI. "The four-stroke engine mated to V-Matic automatic transmission not only delivered more power than the competition, but also tremendously increased mileage."

Delicious Irony

There is delicious irony in Honda bringing scooters back into vogue in India, since it was Honda's venture with Hero that initially crippled them. Scooters had become a way of life in the country from the 1960s when Bajaj Auto Ltd (BAL) introduced its iconic brand, in what was

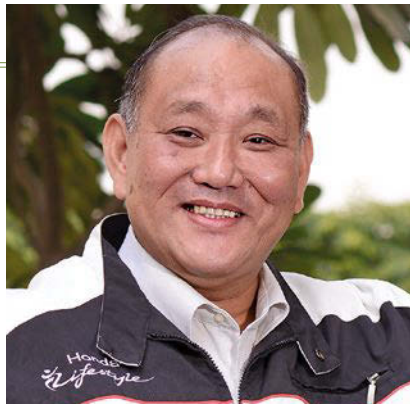


probably the biggest disruption in transport in post-Independence India. The long waiting list for BAL scooters in the pre-liberalisation era of the 1960s and 1970s is the stuff of business legend. Bikes in those days sold way less than scooters did. But all that came to an end with the entry of bikes with fuel efficient four-stroke engines, providing mileage way beyond what the scooters could. In particular, the success of Hero Honda's Splendor brand – with its memorable advertising tagline 'Fill it. Shut it. Forget it', dating from the mid-1980s – along with its CD Dawn brand, did the scooters in. Some scooter makers did attempt upgrades – BAL with its Saffire brand, Kinetic with its DX – but these could not stem the scooter slide.

In 1997/98, there were 146,456 more scooters sold in India than bikes, according to Society of Indian Automobile Manufacturers (SIAM) data. The following year, the pattern changed for the first time, with bikes outselling scooters by 63,081 units. It became more and more pronounced over succeeding years. With growing environmental awareness, there also came stricter emission norms in 2000, forcing a complete exit of two-stroke engine technology. Leading scooter companies like BAL and LML could not immediately upgrade and preferred to withdraw many of their brands. Once highly popular brands such as BAL's Chetak, Super and Saffire, LML's Vespa 4S, Kinetic's DX and Nova, all disappeared. No doubt some leading bike brands, which also relied on two-stroke technology, such as Yamaha RX-100 and Kawasaki Bajaj KB-100, had to exit as well.

Gone Gears

"It is the overall evolution of scooters in terms of greater convenience, tubeless tyres, unisex appeal, fuel efficiency equalling that of motorcycles, and the comfort of automatic transmission that have made them increasingly popular," says Majeed of PwC. The last mentioned feature in particular – the absence of gears combined with a push button start – has done wonders for the scooter's popularity among women, at a time when the number of working women is rising exponentially. They are also very useful for running small chores outside the home, such as picking up children from school or making day-to-day purchases. Indeed, women now form 33 per cent of all two-wheeler riders, bikes and scooters combined.



Keita Muramatsu/ President and CEO/ HMSI

"It was a tough call when we started, with bikes dominating the market and scooters on the brink"

Other new features including telescopic front shock absorbers, full metal bodies and advanced aluminium engines, have all helped the scooter revival. "There has been a gradual upward growth curve in scooters with the introduction of several new models by different manufacturers," says Aniruddha Haldar, Vice President, Marketing, TVS Motor. The company launched its Wego brand of automatic scooters in 2010, following it up with the Jupiter brand in 2013.

The non competing agreement having ended, Hero Honda introduced its Pleasure brand in 2006, aimed specifically at women. In its new avatar of Hero MotoCorp, it launched Maestro in 2011, followed by Maestro Edge and Duet in September this year. "Our close understanding of the market has enabled us to design, develop and build these new products to match customer needs and aspirations," says Ashok Bhasin, Head of Sales & Marketing and Customer Care at Hero MotoCorp. Indeed, the company's eventual ambition is to dethrone its former partner. "I'm gunning for leadership in scooters too," said Pawan Munjal, Hero MotoCorp's Chairman, at the September launch. (Hero MotoCorp is already the market leader in bikes, with 52 per cent share.)

Stagnating Motorcycles

Scooter sales have risen a whopping 395 per cent in the past decade. But, even as they surge, motorcycle sales have been falling lately due to reduced rural demand. In the first six months of 2015/16, HMSI's scooter sales have risen 17 per cent, thanks mainly to its bestselling Activa, while its bike sales declined by an alarming 25 per cent. In 2014/15, HMSI grew 32 per cent in scooters, while falling 6.4 per cent in bikes. TVS Motor's scooter sales went up 50 per cent in 2014/15, mainly on the back of its popular Jupiter brand, while bikes fell by 17 per cent. Hero MotoCorp witnessed an overall sales revenue rise of five per cent in 2014/15, thanks chiefly to its Maestro's strong performance.

With automobile sales sluggish as well, scooters are proving to be the overall vehicle industry's saving grace. "It is a silver lining," says Vishnu Mathur, Director General, SIAM. "The scooter is the biggest contributor to our market's expansion at a time when sales are under tremendous pressure." In at least three states, scooters have begun outselling bikes – Goa, where they comprise 77 per cent of two-wheeler sales, Kerala, where they make up 63 per cent and Himachal Pradesh, with 53 per cent. In the union territory of Chandigarh too, scooter sales make up 53 per cent of all two wheelers. In five more states too, they have almost caught up with bikes – Delhi (46 per cent), Jammu and Kashmir (48 per cent), Punjab (42 per cent), Gujarat (42 per cent) and Karnataka (39 per cent).

SNIPPETS

Scooters had their best ever sales in India in October 2015 – 525,000 units

Honda's Activa is the largest selling scooter in India, almost neck-and-neck with top selling bike, Hero's Splendor

Scooters is the fastest growing category in India's automotive market

Automatic (gearless) scooters are leading the boom



Men Matter, Too

Leading scooter manufacturers are all expanding capacity. HMSI is building what it claims will be the world's biggest exclusive scooter factory at Vithalapur, Gujarat. Hero MotoCorp has raised capacity to manufacture 1.3 million units a year, up from one million till end-June this year. New players are entering the market – Yamaha, a heavyweight in bikes, entered the scooter segment in 2012 with its Ray, Ray Z and Alpha brands. It recently launched yet another model, the Fascino. Even BAL's Chetak is likely to return in a revamped avatar.

With so many brands, there has also been increased differentiation. To expand their market, scooter makers have begun targeting men as well. Hero MotoCorp's Maestro, for instance, is consciously aimed at men, with its ad campaign featuring actor Ranbir Kapoor. "When you have the reigning heartthrob of Hindi cinema riding your scooter, it immediately changes user perception, making the scooter cool for young men," says a senior Hero marketing official. HMSI's Activa 125, launched in 2014, with a 125 cc engine, is also aimed at male buyers. TVS Motor claims to have the most differentiated range of scooters. "The three variants in our Scooty series are specific for women users," says Haldar. "Our most recent brand, TVS Scooty Zest 110 cc as well as the Wego have unisex appeal. The Jupiter is for the single male."

Two wheeler penetration is still only 17 per 1,000 people in India. Scooter manufacturers realise that while sales may be increasing, there is vast potential still remaining. ◆

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Health Care on Tap

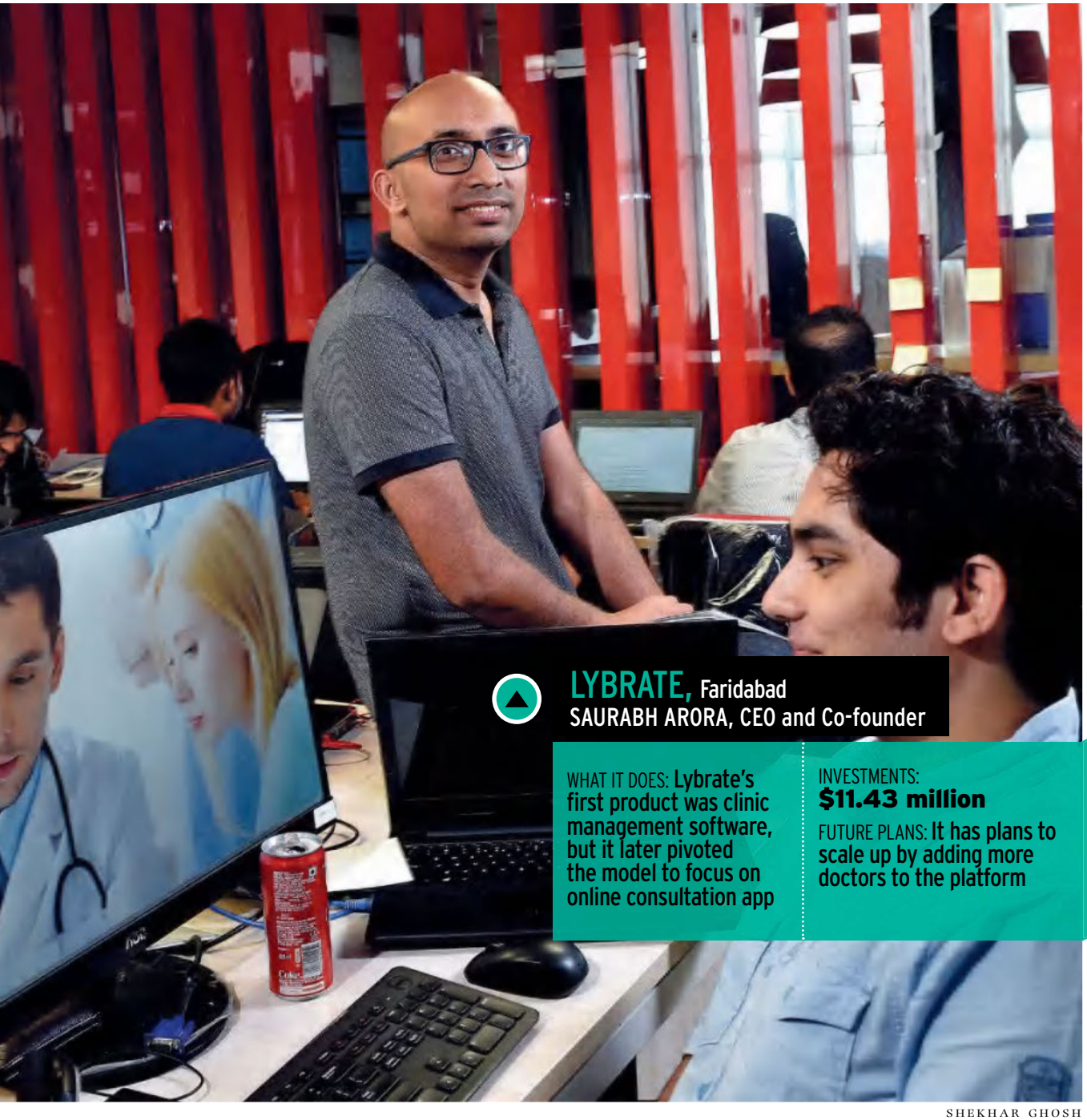


Online tools bringing doctors closer to the patient are sprouting all over, but start-ups behind them will face challenges going ahead.

By MANU KAUSHIK

In general, medical practitioners are not tech-savvy, and are poor when it comes to managing their business," says Ranjani Rao, a dentist in Bangalore. But Rao, who has six doctors working for her in two clinics in Bangalore's Electronics City, is different. Each of her doctors is equipped with a tab to manage appointments and schedules. Stringing them together is a clinic management software called Practo Ray, which has reduced wait time for patients so much that her doctors give free consultation to patients if they have to wait beyond 10 minutes. Plus, subscription to the software has given Rao's clinics free listing on Practo Reach, an online search engine. "We are in that part of the city that doesn't inhabit local Bangaloreans, so people don't have family doctors," she says. "They largely rely on

According to Accenture, 25 per cent of India's healthcare



LYBRATE, Faridabad
SAURABH ARORA, CEO and Co-founder

WHAT IT DOES: **Lybrate's first product was clinic management software, but it later pivoted the model to focus on online consultation app**

INVESTMENTS: **$11.43 million**

FUTURE PLANS: **It has plans to scale up by adding more doctors to the platform**

SHEKHAR GHOSH

online searches for treatments. That's where Practo's search works for us."

The Indian health care market is opening up to a new opportunity for tech start-ups – people are getting in, money is flowing in, and the market potential is huge. A bunch of start-ups is not only arming doctors with the tools to manage their business efficiently, but also helping them spread their reach through online search tools and

industry is expected to be powered by e-health care by 2017



PRACTO, Bangalore
SHASHANK N.D., Founder & CEO

WHAT IT DOES: **The company started off with clinic management software product, but later diversified into online search for doctors**

INVESTMENTS: **$125 million**

FUTURE PLANS: **To expand the number of doctors listed on the platform. It is also acquiring other healthcare start-ups to fill gaps in its current product offering**

NILOTPAL BARUAH

even private chat tools in the WhatsApp mould. Companies like Practo and HelpingDoc are present in online doctor search and building software for doctors. Ziffi is into online search and appointments. And Lybrate has a health care communication delivery platform, which is like a WhatsApp of health care, where patients can privately converse with doctors on their mobile apps.

These companies have received healthy funding as well. This July, Faridabad-based Lybrate raised $10.2 million from Tiger Global Management, Ratan Tata and Nexus Venture Partners. Lybrate will use the funds to add new features to its product, expand its doctor base and take its employee base from about 90 now to over 130. In August, Practo received $90 million – the highest funding so far for an online health care start-up – from seven investors, including marquee names like Sequoia Capital, Matrix Partners and Russian billionaire Yuri Milner. The funding valued Practo at over ₹3,300 crore. The company has so far raised $125 million since its launch in 2008. Ziffi had raised ₹15 crore from Orios Venture Partners last year.

But why this sudden rush? "Around 25 per cent of the entire health care industry is expected to be powered by e-health care segment by 2017," says Sanjeev Gupta, Managing Director, Health & Public Services, and Government Relations, Accenture India. That is a lot, considering that the overall Indian health care market today is around $65 billion, according to Accenture India estimates. A study by Bain & Company found that over 80 per cent of the under-40 literate metro population in India had used online means to either consume or research a health care service. Reason enough for companies like Practo, Ziffi and Lybrate to jump in and try and garner a share of the burgeoning pie.

The Companies & Models

How do these companies make money? Broadly speaking, from three areas: clinic management software, online consultation and listing of ads. Practising doctors buy software to manage their appointments, billing, patient medical records, prescriptions, patient reminders, schedules, and schedules of other doctors working at the clinic. Practo claims to be the leader in this category. In addition, Practo has its own search engine to find doctors online. The monetisation is done through paid listings of clinics showing up along with the search results. In India, the law prohibits doc-

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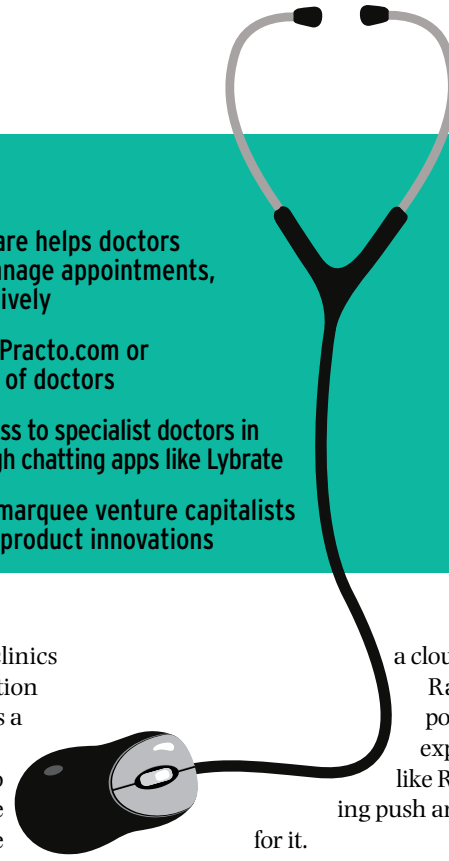
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WHAT'S WORKING...

- Practice management software helps doctors maintain patient records, manage appointments, and utilise their time more effectively
- Online search platforms like Practo.com or HelpingDoc work like Google of doctors
- Online consultation gives access to specialist doctors in any part of the country through chatting apps like Lybrate
- Large amount of funding by marquee venture capitalists has led to consolidation and product innovations

... AND THE CHALLENGES

- Most players are still largely restricted to big cities
- The lack of trust with online medium can slow down the rapid expansion plans
- The online platforms haven't been able to attract star doctors who are associated with large hospital chains

tors to advertise, so only private clinics put in ads. In the online consultation business, a platform like Lybrate gets a cut from the doctors' fees.

Bangalore-based Practo claims to be the largest online health-care services firm with 90 per cent share in the practice management software market. It started off in 2008 with Practo Ray. In 2013, it launched the search engine Practo Reach. Shashank N.D., Founder and CEO of Practo, says that while a majority of its customers are clinics, doctors who practise as consultants have also bought its product. "For any health care establishment with less than 25 doctors, this product works well," he says.

Tarun Davda, Managing Director of Matrix Partners and an investor in Practo, says that solving the doctor discovery part is easy. "JustDial has already done that, but when it comes to something as critical as health care, putting up a directory of doctors online is not sufficient," he says. "Patients are looking for information like years of practice, reviews, ratings and specialty of the doctor." Matrix Partners gave seed funding to Practo in 2011 and subsequently invested more money this year – about $20 million in total.

Health care communication start-up Lybrate has an interesting origin. While working with Facebook as a data scientist in the US in 2013, Saurabh Arora, CEO and Co-founder of Lybrate would visit his mother in India once in six months. During one of his visits, he saw a chemist prescribing medicines to some people, which startled him. That's when he thought about an online consultation tool for doctors and patients.

However, when Lybrate started up, it first launched a cloud-based software – similar to Practo's Ray – that helped doctors manage appointments, patient medical records and expenses. Typically, building a product like Ray requires huge workforce, marketing push and money, and Lybrate was not ready for it.

Thus, in January 2015, came the health care communication delivery platform, also called Lybrate. Arora's logic for this shift is simple. He says that digitisation of medical records is good, but the fundamental need of the hour is accessibility. According to some estimates, there are 1,700 patients per doctor in India. Plus, the ratio is skewed as most doctors are concentrated in cities, and people also tend to self-medicate for smaller illnesses. Early this year, Lybrate conducted a survey of 20,000 people in 10 cities; 52 per cent respondents were doing self-medication. "People don't want to go and pay consultation fee for every small issue," says Arora.

Online consultation engagements are of two types: people with serious problems that require super-specialists such as nephrologists, neurologists, cardiologists where mostly people want to take a second opinion. The more common consultation is based around personal issues related to dermatologists, gynaecologists, psychiatrists and urologists. Experts say most of such queries emerge from smaller towns.

Sarang Deo, Assistant Professor (Operations Management) at Indian School of Business (ISB) says that they have very similar business models, which will in the end boil down to who has the most listings. Both customers and providers would want to go there. "Unless the models are substantially distinct, I don't see how there can be more than one or two players in this space

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SANJEEV GUPTA
MD, H&PS and Govt. Relations, Accenture India

"The e-health segment in India is largely unexplored, yet is a lucrative market driven by growing consumer awareness and Internet penetration"



that are really big," says Deo.

Not an Easy Do

The challenges faced by these start-ups are daunting, not the least being to get doctors of high quality on their platforms. "The real challenge is not merely in getting the numbers, but in actually getting the high quality and more-sought-after doctors on these platforms," says Parijat Ghosh, India Health care Practice Head at Bain & Company. The star doctors of large hospital chains are not directly listed because, in most cases, the hospitals have restricted them from going on such platforms, and they also don't have the time to explore the new medium.

Thus, so far, doctors that are joining these platforms are not necessarily top-of-the-line. A large number of doctors listed on Practo.com, for instance, are private practitioners and owners of small and mid-size clinics. They are getting in because, well, they all need software to manage their clinics. Plus, doctors who have bought Practo's software get listed for free on their search platforms. This essentially increases their reach because more patients might come to them via online searches. The doctors enlisted on Lybrate, too, either don't have a busy practice or are from smaller towns.

Finding a doctor online also requires behavioural changes from the customer point of view. The service is more useful for working professionals who move into a new town. People who live in the same town for years generally know their way around their health care needs. The change in behaviour can only happen if the information provided about provider quality is meaty, substantial and technically correct.

In the case of Lybrate, remote consultation is a new concept for both doctors and patients. It's hard for patients to trust doctors remotely, so there could be issues with adoption. On the doctor side, these services need to deliver on the economic advantage and, even more importantly, be easy to adopt without affecting their current workflows too much.

THE OPPORTUNITY

$65 billion
Size of Indian health care market

15 lakh
Number of medical practitioners in India

1:1,700
Doctor-patient ratio in India

The other big problem is revenues, which are pretty low, and profits of course are non-existent. Practo's revenues have grown from around ₹8 lakh in 2009/10 to ₹2.3 crore in 2013/14, while its losses have widened from ₹5 lakh in 2009/10 to ₹9.9 crore in 2013/14, as per data from the Ministry of Corporate Affairs. Data on Lybrate is not available.

Game of Scale

At this point, though, the companies are all focused on growing their listings and reach. Practo claims the most doctors and clinics – 200,000 doctors and 10,000 hospitals – on its platform. Its rival in the doctor discovery business – Ziffi – has a network of 28,000 doctors. And Lybrate, thus far, has engaged

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Bill Hawkins
Management Marshal

Bill Hawkins is an expert in leadership development and executive coaching. As a founding member of the Marshall Goldsmith Group, he has worked with more than 20 Fortune 500 Companies in 17 countries on five continents. He also coaches leaders individually to increase personal effectiveness. He has co-authored 5 books on leadership. He is member of the Peter Drucker "Thought Leader's Forum", a Distinguished Fellow at the Global Leadership Development Center at Alliant University, and is listed in Who's Who in International Business.



Ashwin Sanghi
WordSmith

Ashwin Sanghi ranks among India's highest selling English fiction authors. He has written several bestsellers **The Rozabal Line, Chanakya's Chant**, **The Krishna Key.** And a New York Times bestselling crime thriller, **Private India**, with James Patterson, which also won the Crossword Popular Choice award. His next thriller, **The Sialkot Saga**, is due for release.

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TARUN DAVDA
Managing Director, Matrix Partners

"When it comes to something as critical as healthcare, putting up a directory of doctors online is not sufficient"



95,000 doctors on its platform.

There's room for considerable growth. According to estimates by online health care companies, there are about 1.5 million medical practitioners in the country – 600,000 allopathic, 600,000 alternative medicines (Ayush), over 100,000 dentists and over 200,000 allied health care practitioners (dieticians, physiotherapists, optometrists). Not to forget the thousands of new doctors graduating every year.

Lybrate plans to scale up the number of doctors to about 300,000 in six to eight months.

Practo has plans to expand its reach, too. It is present in 50 cities (about 35 in India) across 15 countries. By next year, it will be present in 100 Indian cities, and set up operations in Southeast Asia, Middle East, Latin America and Eastern Europe regions. It has entered new geographies – Indonesia, the Philippines and Singapore – with its existing products that will reduce its dependence on the Indian market. Very recently, it also tied up with ride-hailing company Uber across India, Indonesia, Philippines and Singapore, to make it easier for patients to access doctors. How this works is: if you have set up an appointment with a doctor on Practo's app, you get a reminder at an appropriate time. And with the reminder, you also get an opportunity to book the closest Uber cab available to meet that appointment.

Practo has also made some strategic acquisitions – Qikwell, Insta Health Solutions, Fitho and Genii – to plug the gaps in its current offering. The acquisition of Qikwell and Insta Health has given Practo access to large hospitals, a big piece that was missing until recently. Qikwell, for instance, provides live information on doctors' availability and online appointment booking. The users can also view doctor's availability live, book appointments instantly, view appointment status and get alerts in case of delays. Qikwell claims to be present in 250 hospitals, including Manipal Hospitals, Fortis and Narayana Health. Insta Health, which provides cloud-based hospital information management solution to hospitals in 15 countries, has clients like Cloudnine, Deepam Hospitals, MyDentist in India, and DaVita in India and Malaysia.

Given that over 90 per cent of the health care market in India is fragmented – most doctors practise through their own clinics or nursing homes – the ability of online players to grow is huge. Practo's Shashank says that he is just scratching the surface: "We are constantly adding multiple new functionalities to products and, as a result, the monetisation value is also going up."

Analysts say this is just the beginning of the digital era in Indian health care. In the US, digital health funding was about $5.4 billion last year, so there is huge headroom to grow in India. Even in China, the online health care space has seen tremendous growth. The e-commerce giant Alibaba has made huge investments in the health-care services space and Guahao.com, an online appointment platform, raised over $100 million last year.

For the Indian companies, growth will be anything but easy. "Not all models will succeed and, in some cases, the adoption will take time to pick up as behaviour takes time to change," says Bain & Co's Ghosh. Experts aver that while gaining early adopters might be easy for these companies, incremental growth will have to come by converting increasingly reluctant physicians, which can slow down the expansion process. It will also mean investing in analytics to show the doctors they are benefitting from using their products.

There's a long way to go yet. ◆

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Resurrection

Maggi noodles returns to shop shelves. But getting its mojo back could be a long haul.

By LALITHA SRINIVASAN

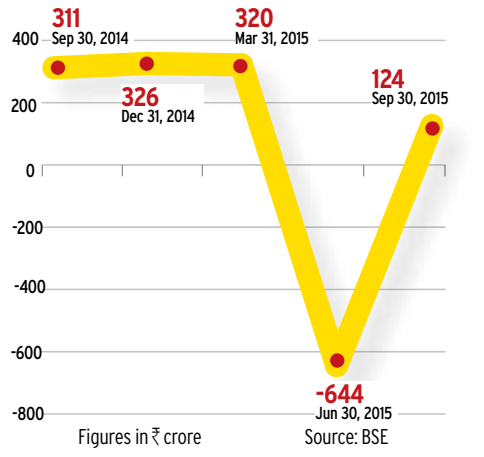


RAJ VERMA

Lijiye, mooh Maggi kijiye." With these words, a variation of the traditional Indian exhortation to partake of sweets on auspicious occasions, Suresh Narayanan, Managing Director, Nestlé India, welcomed guests at the re-launch of Maggi noodles on *Dhanteras* day, November 9. Commercial sale began three days later, on November 12, with Maggi noodles hitting a limited number of outlets in 100 cities and towns across the country. The same day, in a tie-up with Nestlé India, e-commerce giant Snapdeal held a flash sale of the product that settled any doubts about whether its enforced absence from shop shelves for over five months had impacted its popularity. Within five minutes, 60,000

HARD HIT

The Maggi ban saw Nestle India post its first loss in 15 years in the June quarter. Profit in the September quarter was also way below the year ago quarter.



RIPPLE EFFECT

The Maggi controversy has impacted sales across the food and beverages industry

	GROWTH IN Q2 2015/16*	Q2 2014/15**
Food & Beverages	4	9
Ready to cook foods	- 9	5
Beverages	-4	5

(* over Q2 2014/15, ** over Q2 2013/14); figures in %
Source: IMRB Kantar Worldwide

Maggi noodles 'kits' – each kit containing 12 packets – were sold out. Snapdeal held a second flash sale on November 16 – which was just as successful.

Nestlé's troubles, however, are not yet entirely over. Maggi noodles disappeared from the market following a nationwide ban on it imposed by the Food Safety and Standards Authority of India (FSSAI) on June 5. The ban came after a number of laboratories to which Maggi noodles samples were sent for testing found unduly high levels of lead in them – in one case 17.2 parts per million (ppm) against the permissible level of 2.5 ppm – as well as the presence of monosodium glutamate, even though the packaging claimed there was none. Nestlé challenged the ban in the Bombay High Court, which, on August 5, ruled decisively in its favour, maintaining that the FSSAI had been unable to substantiate its charges against the product and that its order was "arbitrary, unjust and violative of Article 14 of the Constitution". It permitted Nestlé to restart selling once old as well as fresh Maggi noodles samples had been tested by laboratories certified by the National Accreditation Board for Testing and Calibration Laboratories (NABL).

Nestlé accordingly submitted such samples of all the nine variants of Maggi noodles and all of them passed the safety tests. But the FSSAI has now approached the Supreme Court challenging the High Court order on several counts, but primarily maintaining that Maggi noodles samples chosen at random by an independent body should have been tested in laboratories, and not those provided by Nestlé. "It was like asking a person under suspicion for a crime to provide evidence against himself," says an FSSAI official. But, with Supreme Court hearings yet to start, Nestlé has not deviated from its roll-out plans.

The instant noodles market in India amounted to ₹5,300 crore in 2014, according to Euromonitor, with Maggi, the market leader, having 63 per cent market share. Its temporary disappearance was thus bound to have major repercussions. Nestlé India, to whose revenue Maggi contributed around 26 per cent, certainly suffered, recording a net loss of 3.29 per cent or ₹64.4 crore in its April to June quarter (its first ever loss in 15 years) and a shrunken profit of ₹124.2 crore in the July to September quarter, down by over 60 per cent from the same quarter a year ago when it was ₹311.29 crore. (See *Hard Hit*) It had to destroy around 300,000 tonnes of noodles following the ban, taking a hit of around ₹320 crore.

But the entire instant food and beverages industry also suffered, since it was quality concerns that sparked the ban. According to a recent report by IMRB Kantar Worldpanel, the overall food and beverages segment in India grew only four per cent in the July to September quarter, compared to nine per cent in the same quarter a year ago, while ready-to-eat foods fell by nine per cent in the same quarter, against a five per cent growth a year ago. "The Maggi controversy has had collateral negative impact across the entire fast moving foods industry," says N. Chandramouli, CEO of brands research company Trust Research Advisory (TRA).

Not surprisingly, a number of rivals have sought to fill the vacuum created by Maggi's disappearance with extensive advertising campaigns to push their own products. Following the Maggi controversy, the FSSAI directed

other noodles makers as well to get samples tested all over again. ITC, which makes the second biggest instant noodles brand Sunfeast Yippee!, got 800 samples examined at NABL and FSSAI approved laboratories in India, as well as at international ones in Italy, Singapore and Japan, and having received a clean chit, marketed the results widely. "The noodles category had been impacted, and we felt it imperative to clear the air of confusion and reinstate consumer trust," says V.L. Rajesh, who heads the foods business at ITC. "We thus embarked on communicating in an open and transparent manner with a reassurance campaign."

Indo-Nissin Foods' Top Ramen brand initially went the Maggi way and withdrew from the market, after a couple of its samples were also found to possess high levels of lead, and approval was held back by the FSSAI. But it was re-launched in September, accompanied by full-page print ads proclaiming: "Two things are synonymous with us – noodles and trust." Hindustan Unilever, which produces the Knorr brand of noodles, has tied up with online retailers to improve sales. Most curious, however, is the case of Patanjali noodles, a new product launched by the Baba Ramdev backed Patanjali Ayurved Ltd. While the manufacturer claims these *atta* noodles are much healthier than the *maida* ones made by rivals and flaunts an FSSAI clearance licence number on its packaging, the FSSAI has maintained that the product was never submitted for testing and, hence, its sale is illegal. Ashish Bahuguna, Chairperson, FSSAI, has directed his officers to take appropriate action.

Meanwhile, Nestlé India has taken a number of steps towards damage control. Even before the favourable High Court verdict, it replaced its then MD in India, Etienne Bennet, with Suresh Narayanan, the first Indian to hold the position in 16 years. Nestlé spokespersons insist that Narayanan's choice has nothing to do with his nationality – and indeed he has an impressive record of growing Nestlé's business in Singapore, despite the 2008 global financial crisis, and thereafter in Egypt, despite the political upheaval there – but that can hardly be taken at face value. With his extensive Indian experience – Narayanan joined Nestlé in India and was moved overseas for the first time only in 2003 – he was able to reach out much more easily to stakeholders and reassure them. "The love for our traditional Maggi Masala Noodles has been immense," he told *Business Today*. "I respect that and am determined to deliver on that."

To keep a tighter check on quality in future, Nestlé also seems to have decided to manufacture all its Maggi noodles in house. In end-September, it terminated a 12-year-old contract with its sole third party producer, Kolkata-based SAJ Food Products. Production of Maggi noodles has begun at three of its five facilities – Nanjangud (Karnataka), Moga (Punjab) and Bicholim (Goa). Simultaneously, a high-powered advertising campaign to announce the return of Maggi noodles is being turned on. Even while the product was off the shelves, Nestlé kept Maggi alive in customers' memories with a number of ads bearing twee taglines: 'We miss you too' and '*Kab wapas aaogey*' (When will you return). The thrust in the new ads will be: "Your Maggi is safe, has always been". While Publicis India, which handled the



"As we re-launch, I would like to reiterate that the reason consumers choose Nestlé is quality"

Suresh Narayanan/ MD/ Nestlé India

"OUR PRODUCTS HAVE BEEN, AND WILL ALWAYS BE, SAFE FOR CONSUMERS"

On August 1, at the height of the Maggi crisis, ***Suresh Narayanan,*** *head of Nestlé's Philippines operations, was shifted to India to take charge. Edited excerpts from an interview:*

What are your re-launch plans for Maggi noodles?

Rebuilding consumer trust and reassuring them of the quality and safety of our products will be the focus. The impact of the Maggi noodles issue is not restricted to Nestlé only. It has had a much larger impact bringing the entire supply-chain mechanism to a standstill. I need to look at that.

For Nestlé, quality is trust. Our products have been and will always be safe for consumers. As we re-launch, I would like to reiterate that the reason consumers choose Nestlé is quality. I would also like to emphasise Nestlé's bonds of consumer relationship and friendship extending to millions of Indian consumers over 100 years. I am completely committed to the idea and the dream of 'Make in India'.

What are your marketing and advertising plans to revive the sale of Maggi?

Nurturing a relationship over long years requires you to stay true to values through thick and thin, and never take things for granted. I am proud that Nestlé has lived up to the world's best quality standards and will continue to make sure that only the best of our products reach our consumers every day. This is the message that I wish to drive through our marketing and advertising campaigns.

Are you looking at innovative options for Maggi and your other brands?

The mandate currently is to bring back Maggi noodles to all our consumers. While I will be looking into innovative options, it is a fact that the love for our traditional Maggi Masala Noodles has been immense, and I respect that affinity which our consumers have. I am determined to deliver on that.

Maggi account for Nestlé, will continue to do so, McCann Erickson India, headed by the high profile Prasoon Joshi, has also been roped in.

Apart from the Supreme Court worry, Nestlé has also to deal with the fact that, apart from the FSSAI, seven state governments – Uttarakhand, Himachal Pradesh, Bihar, Orissa, Manipur, Nagaland and Tripura – had separately banned Maggi noodles, and these bans are still in force. It is due to this that two Maggi production units, at Pantnagar in Uttarakhand and Tahliwal in

Nestlé kept Maggi alive in customers' memories with a number of ads bearing twee taglines: 'We miss you too' and 'Kab wapas aaogey' (When will you return)

Himachal Pradesh, have yet to restart functioning. The company also faces a class action suit for ₹640 crore filed against it by the Ministry for Consumer Affairs in the National Consumer Disputes Redressal Commission, charging it with unfair trade practices, false labelling and putting out misleading ads.

The response to Maggi noodles' return is no doubt heartening for Nestlé. Yet, the TRA's 2015 report on *India's Most Attractive Brands*, based on research across 16 cities between June and August – when Maggi noodles had disappeared from shop shelves – shows Maggi's overall attractiveness ranking having fallen from 44th in 2013 to100th in 2015, a 56-rank drop. In the fast moving foods category, Maggi was in first place in 2013, but is now second, yielding to MTR Foods. "My feeling is that Maggi may not be able to stem this fall simply with some clever advertising," says Chandramouli.

Abheek Singhi, Partner at Boston Consulting Group, feels the packaged fast foods industry was in any case slowing down in keeping with falling consumer demand all over. "Players are trying to create excitement through innovations and usage occasions, and specifically in the food category, trying to provide reassurance about safety – not only functionally, but also at an emotional level," he says. But will it work? "Anyone who thinks Maggi will emerge without much damage is living in a fool's paradise," says Chandramouli. ◆

The author is a freelance journalist based in Mumbai

LEADING IN THE TIME OF GREAT CHANGE



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A Different View

V Resorts is the story of a successful pivot, from a budget accommodation play to a more premium one where experiences hold the key.

By GOUTAM DAS



SHEKHAR GHOSH

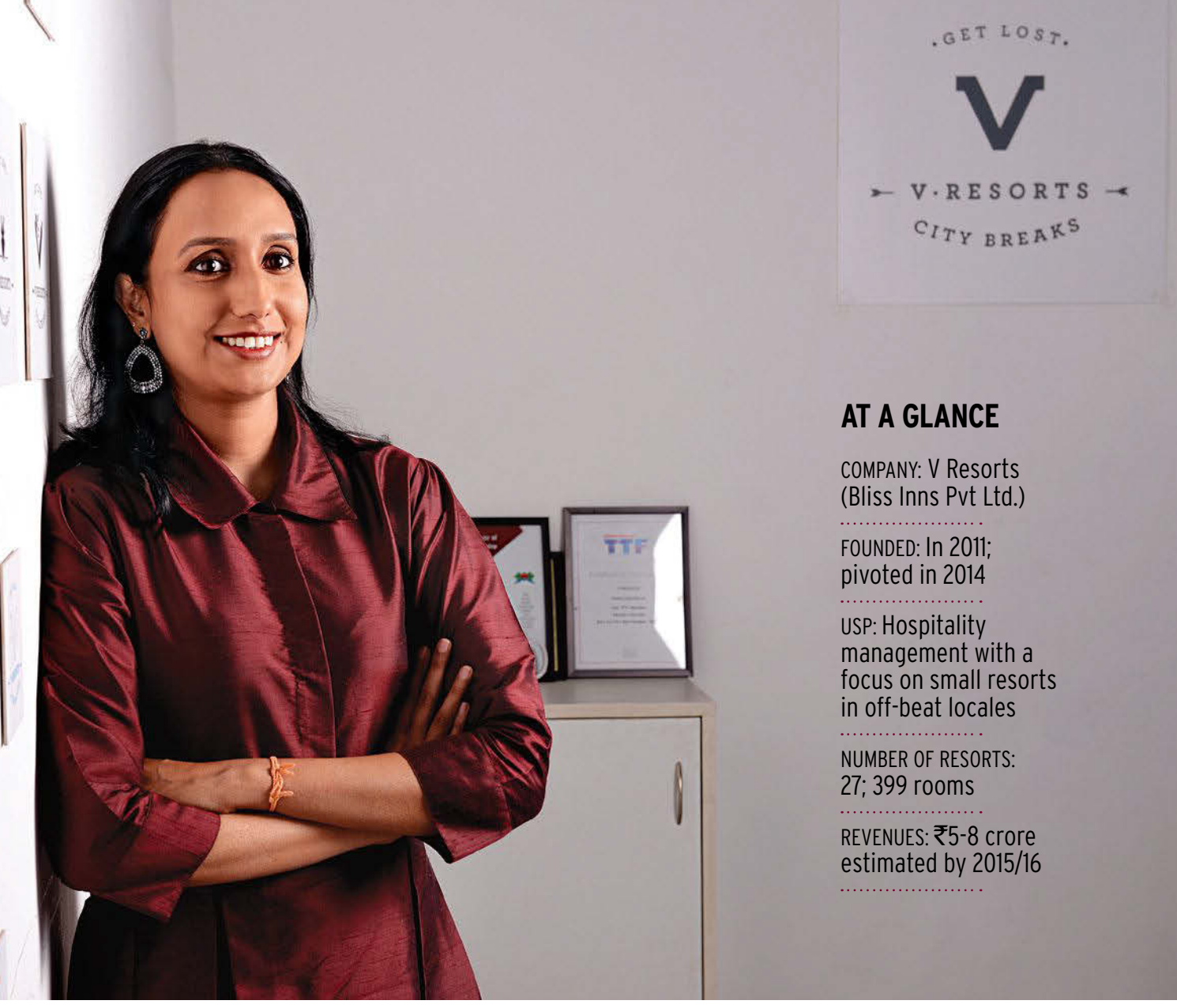
Aditi Balbir, Co-founder of V Resorts, at her Noida office

A 'V' can stand for many things. For V Resorts, a hospitality management start-up, it could mean vacation, valley, village, vintage, vertigo, variety, voyage and, most importantly, view. The premise was simple – every room, in the properties it manages, should have a good view. So at its resort in Sattal, it is the "crystal clear sparkling green waters of the Sattal lake"; at Ramgarh, a "180 degree view of the snow-capped Himalayan range"; at Mogli Bandhavgarh, it is an "astonishing pooled view of the wild woods"; and at Fort Auwa in the Pali district of Rajasthan, it could be "ancient temples, ruins and artefacts such as the parrot firing canon".

The vision of the start-up, meanwhile, is much clearer. The fog has lifted from a tumultuous beginning in 2011, where a few missteps nearly made it fall off the cliff. This is the story of a successful pivot, from a budget accommodation play to a more premium one where experiences hold the key; from an asset-heavy model to a light one. All the 27 resorts it manages today are in off-beat locales. The company doesn't own or lease these properties; it just aggregates existing ones, works on improving them, brands, markets and operates. And it limits its scope to small resorts – the average is 15 rooms. All this is plotted with a view to differentiate and for profitability. But more of that later.

Co-founder Aditi Balbir is now busy ramping up her numbers. "We aim to touch 100 resorts by March 2016 and scale to 1,000 rooms from 399 currently," she says. Overall, she has signed contracts with 53 resorts thus far, that adds up to 685 rooms – many of them are being "on-boarded".

Her pivoted model is just a year old. She relaunched V Resorts in November 2014, hoping to cash in on the growing market for domestic travel, particularly leisure travel. While the sector is prone to fluctuating consumer sentiments depending on the economy, particularly inflation and interest rates, the long-term trend is clear. It is a large market: the Indian travel and tourism industry is worth between $36-40 billion and young Indians, between 25 and 40 years, will travel a lot more, going ahead, because of higher disposable incomes. Mahindra Holidays & Resorts India Limited, which also operates in the leisure hospitality segment and, in some ways, is competition to V Resorts, summarises the market well in its annual report: "At a fundamental level, there has been considerable growth in the size of this market (urban families with a capability to incur discretionary expenditure) in the last 15-20 years – both in terms of people with the ability to spend and change in lifestyle, and



AT A GLANCE

COMPANY: V Resorts (Bliss Inns Pvt Ltd.)

FOUNDED: In 2011; pivoted in 2014

USP: Hospitality management with a focus on small resorts in off-beat locales

NUMBER OF RESORTS: 27; 399 rooms

REVENUES: ₹5-8 crore estimated by 2015/16

aspirations that have increased the willingness to take vacations for leisure. Long weekend holidays and extended family holidays are key emerging trends that reinforce this belief. Today, 'Holidays' is in the top of discretionary spending list for two out of five Indians."

Early-stage venture capital fund Seedfund pumped in about $2 million into V Resorts in 2014. It has sized up this opportunity as well. Shailesh Vikram Singh, Executive Director at Seedfund, thinks India is shifting to a brand play as the economy matures. "People are expecting a particular consistency. There is an opportunity in the premium segment," he says and adds: "Indian families have money. On the other side, people who have built resorts can't scale it. They have no marketing budget. There was an opportunity to bring two-way aggregation." V Resorts' aggregation and asset-lite model, he thinks, can make it three to four times bigger than Mahindra Holidays over the next few years. Mahindra Holidays has a total room inventory of 2,867 units across 45 resorts and has pioneered the concept of the 'vacation ownership business' in India – its members get a week's holiday every year for a period of 10 or 25 years. V Resorts also offers holiday membership, but is a small portion of its business as of now. It has 50 members – Mahindra Holiday's total membership is currently at 190,000. For V Resorts, companies such as Mahindra Holidays are a bigger competition than start-ups like Oyo, which operates a branded network of hotels in 153 cities currently. Oyo is more geared towards budget travellers.

So what was the start-up's original model that did not work?

Balbir recollects, sitting in her office in Noida's Sector 16. The walls have a series of posters that urge travellers to "Go kayaking, cycling, angling, skiing, make pottery and do yoga". Balbir had no experience in

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SHEKHAR GHOSH

"Indian families have money. On the other side, people who have built resorts can't scale it. There was an opportunity to bring two-way aggregation"

SHAILESH SINGH/ Investor/ Seedfund

hospitality when she started out in 2011. After an MBA, she worked with a venture capital firm. It was here that she hatched a plan along with her fund manager. What about aggregating summer homes onto a portal? They hired a CEO and a team. But the company started leasing properties. "The CEO had no tech experience; the website never came up," Balbir says, half smiling. The asset-heavy model, meanwhile, drained the company and Balbir had to fire the CEO and let 33 employees go. "We re-started the business from scratch," she says.

The new idea was to be a hospitality management company, but for small properties. After taking over a resort, Balbir spends around ₹1 lakh upgrading the property. "For the owner, we provide everything – the manpower, training, linen. Everyone is on our rolls. We manage everything, right from reservations to customer feedback," she says. There is a revenue sharing agreement with the owner, not a profit sharing one. "It is variable and not fixed. If it was fixed, then it becomes like a lease and drains you. With this model, we have developed a competency of breaking even at 20 per cent," she adds. Currently, the company is striking more than 25 per cent occupancy and, on an average, her rooms cost ₹4,500 a night. V Resorts can potentially generate revenues in the range of ₹5-8 crore in 2015/16.

How can you make money at 25 per cent occupancy?

The resorts are in remote places where manpower costs are lower. And Balbir thinks her background is an advantage. "We are able to come up with this model because we are not from the hospitality sector," she says, before explaining the company's frugal approach. Typically, in hotels, the ratio for the number of linens per room may be 4:1. At V Resorts, it is 2:1. It is a function of the resort size. "A bigger property with too much laundry would take more turnaround time. In our model, the local *dhobi* can do the job quick. Also, we need less linens because the occupancies are lower," she adds.

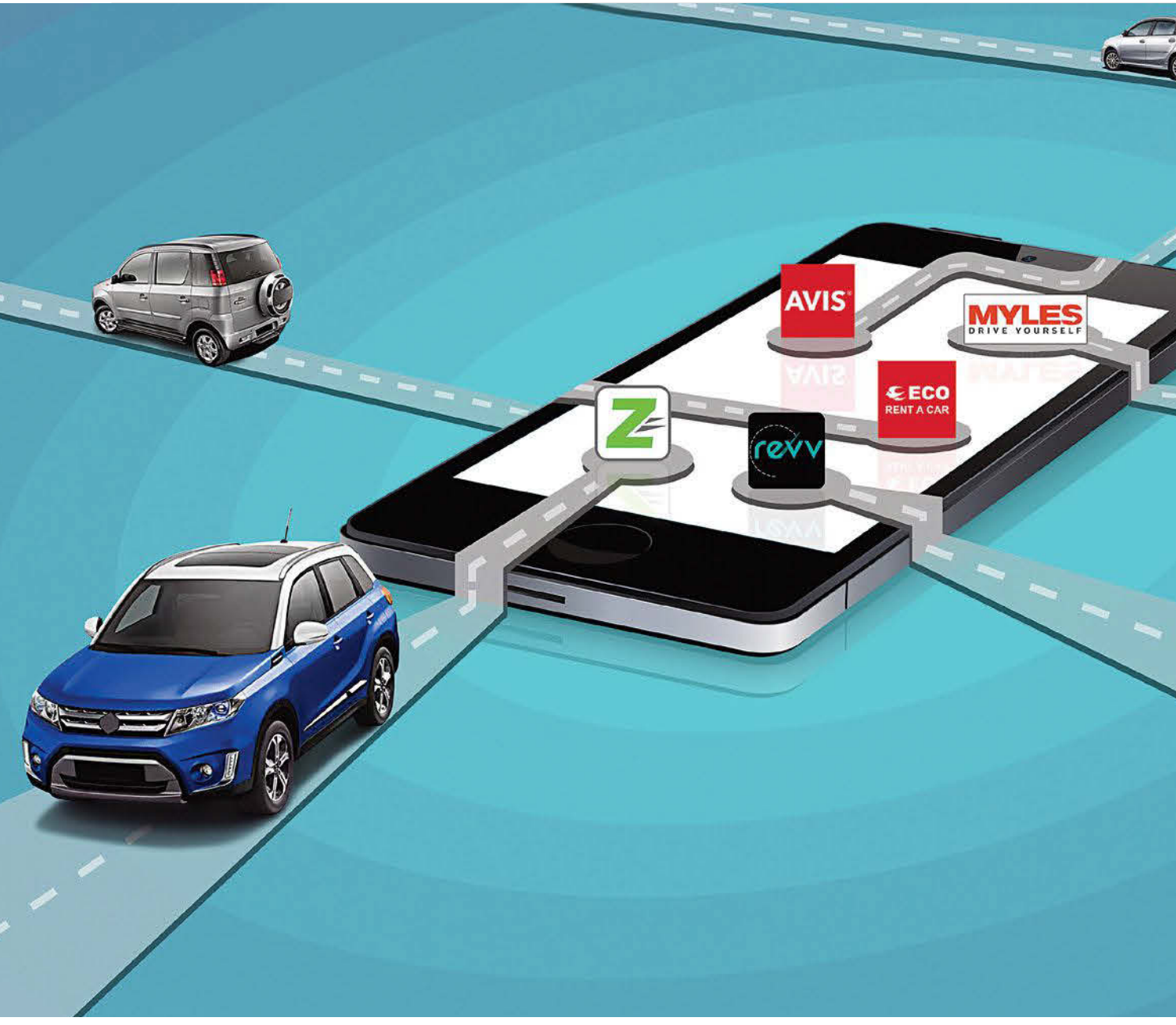
Manpower costs are optimised too. While traditionally, the ratio of the number of rooms to staff can vary between 1:2 and 1:4 in most hotels, V Resorts manages with 1:1. Why is that? "We have developed a system where people multi-task. The guy who serves you, may also help in the kitchen. It is possible because he is a local guy," Balbir answers. Today, she employs 35 people and another 400 contractually.

While two customers *Business Today* spoke to appeared very happy with the service and their stay at V Resorts properties, running with such a lean engine has its pitfalls. Setu Goyal stayed with his family and friends at the company's Rajaji National Park resort in October. He wrote on travel and review site TripAdvisor: "They would do things only when told at least thrice. They are always confused on who would take your order – the kitchen or the reception. As a result, no one does." V Resorts' response highlights the problem: "The service and the food problems that you have witnessed during your stay were due to the absence of our two key resort staff – the manager and our executive chef. While our resort manager recently got diagnosed with dengue, our executive chef lost his house in the recent earthquake in Uttarakhand, so both had to leave immediately."

Wouldn't a hardcore hospitality professional have handled situations such as this better? "Finance guys think from the head. Hospitality is a heart business," says Rachna Sharma, a former General Manager with the Bangkok-based Lebua Hotels & Resorts. "It is about patience, people, soft skills and a lot of common sense."

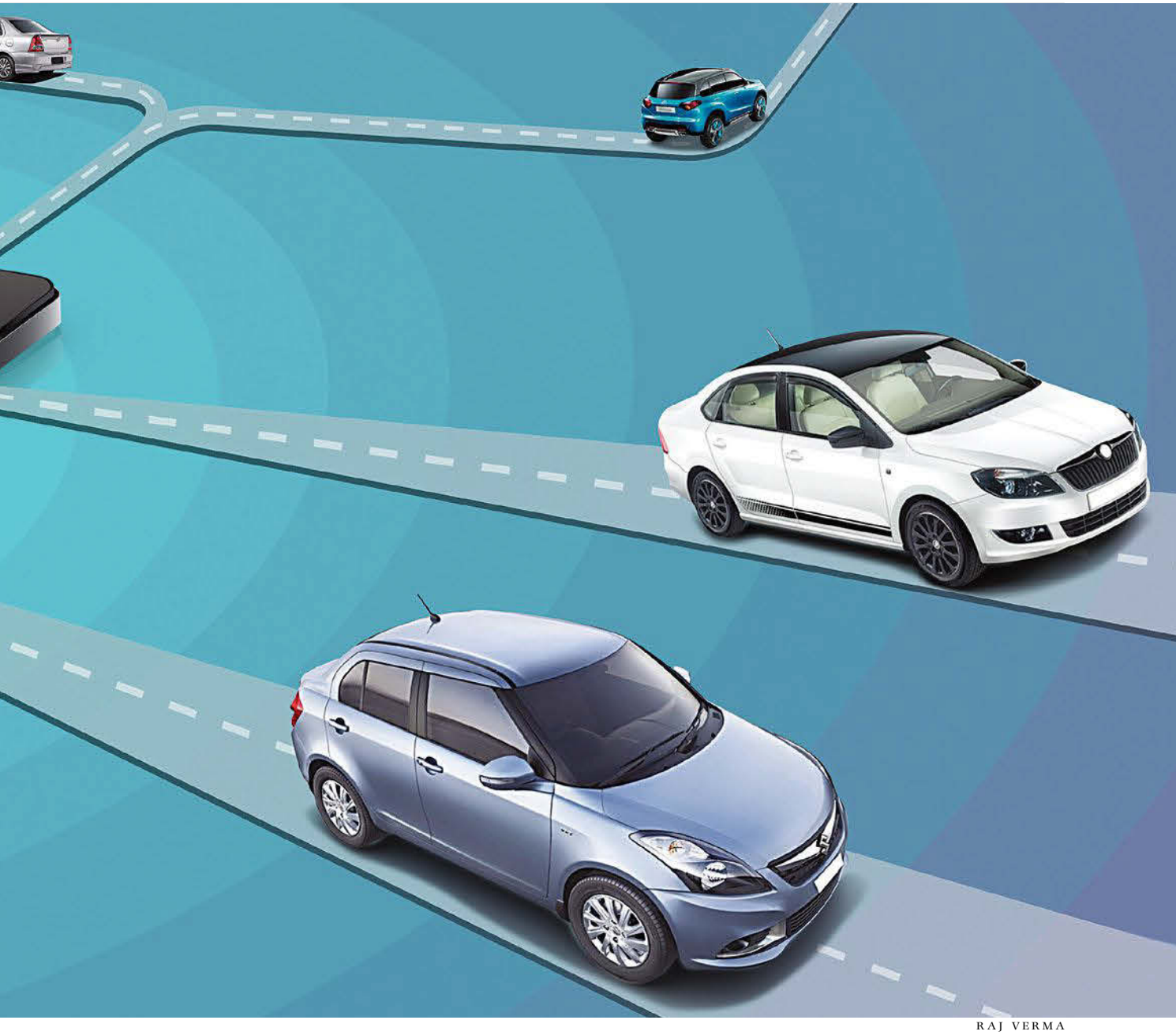
V Resorts certainly has a long trek to cover. ◆

@Goutam20



Rent and Drive

Hiring a car on rent for a trip, and driving it yourself, offers a string of benefits. By NIDHI SINGAL



RAJ VERMA

Delhi's Rakesh Joshi often hires a Fortuner for his weekend trips to the nearby hills. He owns a Ford Ecosport, yet he prefers to rent cars for such trips from self-drive rental service companies. Joshi is not alone – many young professionals and entrepreneurs are opening up to the idea of hiring a self-drive car (not to be confused with cars that drive themselves, which are also called autonomous cars). The reasons are not hard to find. An increasing number of high-end cars and SUVs are launching in India, but not everyone can buy them. You might own a small car, but may want to drive a bigger, fancier one on a holiday trip. Self-driven cars allow this luxury. Some companies even offer 24x7 road-side assistance, making the experience less stressful.

Popular in countries such as the US and Europe, the self-driving cars industry isn't really that new in India. Having existed for some time now, it is only during the past couple of years that the segment has begun to see a lot of action, with many existing players ramping up and new ones driving in. "Self-drive cars as a concept is gaining popularity amongst holiday travellers," says Anupam Agarwal, Co-founder & CEO of Revv, a start-up in this space. "They prefer to opt for a self-drive car because when they hire a taxi, they end up blocking a seat as well as paying additional money for the driver."

The spurt in demand for such vehicles is coming from the young and middle-aged groups (20 to 40-year-olds). Apart from the aspiration of going on a holiday in a great car, people also hire such cars for commuting within the city, as an impromptu second car for housewives, for example. College students who can't buy a car often opt for this service as they get to drive their dream car at an affordable cost. It also gives one the option to really test a car before taking a buying decision.

Companies are going all out to service the rising needs of the consumer. Revv, for instance, offers self-drive cars on hourly rent in Delhi-NCR. The company has a wide selection of cars ranging from Hyundai Grand i10 to Mahindra XUV to Audi Q3. The rentals differ from car to car and are higher for weekends and peak season, which includes festivals and New Year. It delivers your desired car at your doorstep – yes, home delivery! – and also doesn't keep any distance (km) cap. Instead, it has a simple policy of maintaining a full fuel tank – that is, the tank is full when the car is delivered to you, and you need to fill it back up before returning the vehicle.

Zoomcar, founded in 2013, has over 1,800 cars across Bangalore, Pune, Delhi-NCR, Chennai, Mumbai and Hyderabad. It claims to offer a wide selection of vehicles under Zoom Lite, Zoom Regular and Zoom Xtra categories where users can choose the pricing on the basis of short duration and long duration travel. "Our service is popular amongst students, young professionals, housewives and holiday travellers," says Greg Moran, CEO and Co-founder of Zoomcar. "Customers can book our cars from the app on hourly, daily, weekly and monthly basis."

Myles, the self-driving service from Carzonrent, attempts to fulfil the need for a second car in your home. It provides cars for executives going to office or while going to a meeting, or for housewives who step out in the afternoon to go grocery shopping and pick kids up from school, or even for people whose cars are at the service centre for repairs for a few days. Starting with 14 cars about two years ago, Myles today has 1,400 cars in its fleet across multiple cities. It has even set up location points in every area allowing a user to walk to the car, unlock the car from the app and get the keys within the car. "You can pick the car from one location and drop it at another," says Sakshi Vij, Founder & CEO, Myles. "For instance, you can pick the car near your house and drop it at the airport."

While most companies are attempting to cash in on almost every segment including hatchback, sedan, SUV and luxury, Eco Rent a Car focuses only on luxury cars. It has in its ranks Mercedes E-Class, S-Class, BMW 3 Series, 7 Series and Chrysler Limousine. A Mercedes E-Class can be hired for rent of ₹12,000 for a day or for ₹4,000 for four hours or 40 km.

And if you're worried about driving a commercial vehicle with a regular driving licence, well, don't fret. These cars are registered as self-drive vehicles, so you don't require a special driving licence. While travelling outstation, one has to stop at the first RTO check post to get the visitor permit for the state.

There's a fair bit of technology at work in these services. Technology in these cars allows the companies to track them 24x7. They can immobilise the car if it is entering into a restricted area. For instance, the taxi unions in Ladakh and Gulmarg in Kashmir do not permit non-local vehicles from plying to certain destinations. The vendor gets a notification if you take the car in such areas. The speed of the cars is also tracked. In case of an accident, using the data accumulated at the back-end, vendors can figure out the cause of the accident – if the driver is at fault by rash driving, over speeding, etc.

At the front-end, you can book a car either through the company's website or its app. You can upload the scanned copy of your identity proof and driving licence, which is verified at the back-end, and pay the refundable security deposit – ₹5,000 in most cases; can go up to ₹50,000 in case of luxury cars – through net banking, credit card or debit card. The security amount is refunded within five to seven working days in your account, once the car is returned.

So, the next time you want to go driving in a fancy car on a holiday, just hire it. ◆

@nidhisingal

GET, SET, GO...



You can choose rentals on the basis of hourly, daily, weekly and monthly basis

SUVs are popular amongst holiday travellers, hatchbacks amongst local commuters

All the cars are fully insured

No cash payment; all payments are made through debit card, credit card or netbanking

Penalty is levied if the car is not returned on time

Light Up Your Mood

Experience mood lighting with the affordable Cube26 IOTA Lite LED bulb.

By NIDHI SINGAL



Mood lighting is gaining a lot of traction these days. I still remember the Philips Living Colors range that was launched a couple of years ago. It offered table lamps with over 16 million changing colours. The company recently launched Hue lighting with a starter kit priced at around ₹17,000 comprising three LEDs. But it is the Cube26 IOTA Lite LED bulb that manages to do a great job at an affordable price point.

Set-up: The IOTA Lite is a small 7W LED bulb that is easy to set up and doesn't require any additional equipment. It can easily fit into an existing LED or CFL holder. If you have an older fitting, a connector can be purchased without spending much. Just fix the bulb in a holder, install the IOTA Lite application on your smartphone, and turn on the bulb. It will start illuminating in white colour.

Pairing: The IOTA Lite bulb pairs over Bluetooth 4.1 and doesn't require any Wi-Fi connectivity for pairing. The app instantly searches for the IOTA Lite bulb and pairs with a single click. Interestingly, up to seven such bulbs can be operated and controlled using an app on a single device.

Functionality: IOTA Lite is one of the best examples of mood lighting where you can choose from 16 million colours. There is a colour pallet from where you can choose the colour. There is a bar below the palette that allows you to adjust the brightness too. Simple to operate, Cube26 has a few predefined modes, too, where the bulb changes colour accordingly. There is a reading mode that makes the room bright, whereas in candle light mode, the bulb flickers in the way a candle would. Other than the pre-defined modes, there is an option to create your own modes by choosing colours, but here the app needs some more work. The IOTA Lite also has a music sync feature where the bulb changes colour and glows according to the beats of the song. Additional features on IOTA Lite include call alert, and SMS alert, and it can also react to the weather outside.

Experience: Using IOTA Lite was a delight because, be it pairing or changing colours, everything could be done with a single touch on the app. I was able to replace my night lamp with the IOTA Lite as I was able to select a more soothing blue colour with very low brightness. For turning off the bulb, there wasn't any need to get up from my bed – the app handled this part as well. It has a range of up to 15 metres for operating the bulb from the smartphone. ◆

BAG IT OR JUNK IT: FOR THE INTRODUCTORY PRICE OF ₹1,499 ON FLIPKART, IOTA LITE IS A GREAT BUY

RATING: 5/5

PRICE: ₹1,499

PLUS: Colours, LED, Price

MINUS: App functionality

Rebooting Corporate Centres

The focus has to shift towards creating long-term value for employees and shareholders.

By SANDEEP CHAUDHARY



In spite of their clear purpose and value, corporate centres often get a vote of no-confidence. In these VUCA (volatile, uncertain, complex and ambiguous) times, it is not easy to keep abreast with all the changes impacting the present and future of the business. The primary goal of a corporate centre is governance and protecting shareholder value. Today, though India Inc is uniquely positioned with its conglomerate structure, it has few umbrella brands with diversified businesses under them. One can see a similar situation in Korea and to some extent in China and Japan. However, there is a need to understand the logic behind corporate centres.

One Size Doesn't Fit All

Corporates, especially conglomerates, are forced to deconstruct due to their size or diversification, investor engagement as well as strategy and governance issues. But it is rare to find clearly-defined roles at headquarters and business units. Moreover, corporate centres often over-extend themselves; this leads to inefficiencies, wastage of resources and poor decision-making at business units. A quick look at the governance models should help simplify the problem at hand.

General Governance Models

A general governance model defines how the business should be organised and run so that it can achieve its strategic intent. The idea is to build and use shared capabilities to achieve synergies and economies of scale and support "one company way". This ensures a scalable model and balances cost efficiency with effectiveness.

The interplay between corporate core, business units and enterprise/enabling functions is determined by the governance model. There are, in general, four models, each with its own rationale.

For a financial holding company, the primary aim is to establish and enforce a disciplined management model to protect shareholder interests. A set of mechanisms is used to manage the relationship among stakeholders and determine the strategic direction and performance.



RAJ VERMA

While the corporate core sets broad policies and financial & operational goals, the business units are accountable for achieving results, thereby committing to multi-year strategy plans. The support functions provide specific services, ensuring economies of scale.

In a strategic management company, adding value by leveraging synergies between units is the focus area. The corporate core sets key financial and operational metrics while ensuring strategic coherence across entities. The business units are accountable for results. However, they are constantly challenged by the corporate core within the annual planning cycle.

Providing guidance to business units by sharing expertise is the driving force as far as an active management company is concerned. Here, the corporate core sets out to guide and actively support sector strategic plans and budgets while undertaking joint projects with business units. The support function delivers on expertise services with the corporate core, while also carrying out bundling and standardisation of transactional services.

By making key decisions for business units, an operational involvement company finds value by creating corporate expertise and control with an aim to achieve cost/operational efficiency. Apart from being responsible for financial and operating performance, the corporate core dictates and manages sector strategic plans and budgets. While business operations are closely aligned across business units, the support function has an explicitly stated policy where business operations are more specific in nature.

Shapes and Sizes of Corporate Centres

Depending on how the corporation is structured, and the strategic imperatives of corporate centres, there are different ways a corporate core adds value. In the paper, 'From Corporate Strategy to Parenting Advantage', Marcus Alexander, Michael Goold and Andrew Campbell argue that the parent should not only add value to a business unit but also add more value than any other potential parent — they call this 'Parenting Advantage'.

Portfolio coordinators create value by altering the



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composition of the portfolio by separating the business from operational entities, creating new businesses or buying/divesting businesses. Such decentralisation gives centre managers the freedom to make their own decisions, as long as their profit-planning ratios and bottom lines are satisfactory. The parent interferes only when it sees ways to enhance performance.

On the other hand, many business units in several conglomerates have reached a scale where they can compete as standalone entities with the balance sheet support of sibling business units. A strategic leader will have an influence to enhance the standalone performance of both national and international businesses. Value creation is done by making strategic decisions such as appointment of managers and approval of major capital expenditures.

Through linkage influence, an active advisor links systems, data and best practices across businesses and geographies for economies of scale. The corporate parent seeks to create value by fostering coordination and synergies between its businesses.

Another approach is to establish cost-effective central services and functions. The corporate value in the key manager model is created through the provision of administrative and managerial services to the businesses.

Which type of influence is best for value creation? The answer is complex and is determined by a number of factors depending upon reconciliation of the multiple paradoxes of parenting advantage — control versus empowerment, responsiveness versus synergy, and portfolio versus core competence.

The parent company should not only add value to a business unit but also add more value than any other potential parent

Key Challenges

The absence of a standard model of corporate centre prevents a consistent approach to managing the various businesses. There is also a need to establish and document a common set of practices and standards. However, there is a distinct lack of real impact at the unit of implementation, that is, the workplace. Corporate centres need to assist businesses in implementing these work practices.

Therefore, the critical issue when it comes to corporate centres isn't whether the work they're doing is important to the business. It is how to ensure that their effort isn't duplicating and taking decision-making away from the independent businesses. Thus, the real challenge is to engage with various businesses in a manner that aligns capabilities, strategy, culture and people.

Defining the Corporate Centre

The purpose of a corporate centre is to ensure that resources are invested to maximise profitable growth and long-term value. Its missions relate to strategic leadership (corporate and operational strategy), control (financial and operating unit strategic measures), capital (allocations and investments), identity (corporate brand), and capabilities (develop personnel). These define the general purpose. In order to fulfill these missions, the focus and required capabilities are, again, dependent on the role of the corporate core opted from the four core models, thereby increasing the level of hands-on management.

The Litmus Test

In reality, corporate centres are unable to find a symbiotic way to create value for the portfolio of businesses under it. The quest for finding the right balance throws up some vital questions for corporates:

- Do business units see value in centres of excellence or see them as a traditional, mandatory central function in new guise?
- Are shared service centres creating more value than the external service providers?
- Are economies of scale being annulled by additional interface of staff cost at corporate centres and reduced flexibility?

Role of HR

The corporate HR has its task cut out. Corporate centres offer good prospects to the company in terms of:

- Building "one company way" of managing people across businesses, geographies as an essential element that can only be addressed at a corporate level.
- The issue of "creating next-gen leaders" has always been inadequately addressed. The onus is on the corporate to create a leadership talent pipeline that will future-proof the enterprise.
- Creating an "alignment" of goals and purposes with the top team. The individual and collective motivation and energy of executives across business units have to be a corporate responsibility.
- Deploy "shared capabilities" to build synergies and economies of scale and support the common vision of HR. Not every business and market can hire the best; hence, the corporate centre can create specialised skills that effectively partner with the business.

The predominant purpose of a corporate centre is to create responsible stewardship to create long-term value for employees and shareholders. A detailed, meticulous, and participative "operational governance" approach is a prerequisite to efficient and harmonious collaboration between the corporate centre and the rest of the organisation. The corporate centre needs to ensure that the whole is worth more than the sum of its parts. ◆

The writer is CEO, Aon Hewitt India



Srikanth Babu Alladi (LLOYD) with the Winning Team (L-R) - Srinivas Rao (Agricast), Swaranjit Sen and Venkat Ravilla (One India Property Services)

Golf at Golconda

The Business Today Pro-Am of Champions saw some high quality golf at the Hyderabad Golf Club

The second leg of the 20th edition of the LLOYD *Business Today* Pro-Am of Champions teed off at the picturesque Hyderabad Golf Club in Hyderabad on Saturday, November 21. The Hyderabad Golf Association (HGA) golf course is located alongside a heritage structure and offers fabulous views of the 400-year-old Golconda fort. It makes for a unique golfing experience.



The HGA has an expansive 18 hole, 6057 yard, Par 71 course.

A modern clubhouse with a floodlit driving range, a pro shop with golf fitting shop, adequate training and practice facilities have made HGA one of the top golfing destinations. Played on the Stableford format with Double Peoria handicap, the cool November morning witnessed some great golfing action with players vying for both individual



Mohan Rao CH (Saara Systems), Individual Winner, Handicap (11-18)



Vasu Merugu (NCR) Individual Winner, Handicap (0-10)

as well as team prizes.

The winning team of Srinivas Rao (Agricast), Swaranjit Sen, Sanjay Jesrani (Go North Ventures) and Venkat Ravilla (One India Property Services), prevailed with a combined score of 107 points. The team of Mohan Rao (Saara Systems), Vijayanand Reddy (Apollo Cancer Hospital), Gautham Reddy (Jaagruthi Housing & Infra) & Col. Rajesh Kumar (Secretary – EEPTA) finished runners up with 105 points.

In the Individual prizes, Vasu Merugu (NCR) was the winner with 37 points in the 0-10 handicap category; Mohan Rao CH (Saara Systems) with a super effort of 38 points was the winner in the 11- 18 handicap category and Ranvijay Lamba (Arcesium) played a great round for a score of 37 points to win in the 19-24 handicap slot.



Ranvijay Lamba (Arcesium), Individual Winner, Handicap (19-24)



The S-Cross - Prize for a Hole -in-One

The winning team also earned themselves a place in the Pro-Am National finals to be held in Delhi in March 2016.

The S-Cross, up for grabs for a Hole-in-One on the 16th hole was nearly claimed by Navin Mittal, Special Commissioner - GHMC, who missed out narrowly. The 4moles Closest to Pin for the day was won by Giridhar Thota of Bulk Drugs while the Nautica Most Stylish Golfer award was won by Alla Dinesh of Alpha Geo.

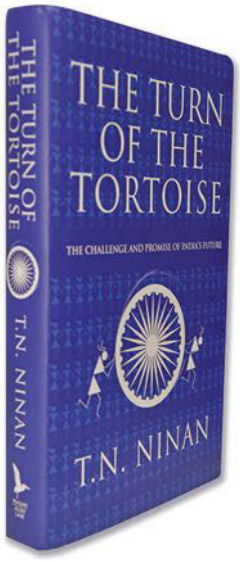
Some of the other eminent golfers who participated amongst the coporate bigwigs of Hyderabad included Bhaskar Reddy, Chairman, Elcon; Mr. Srinath Reddy Kottam, Managing Director, Aerospace Industries Pvt Ltd; Naveen Gullapalli, CEO, Novartis; Ramana Challa Venkata, Managing Director, Helios Insurance Services Pvt Ltd; Prasad Rao, Managing Director, Reitz India Ltd.; Ramakrishna Reddy, Country Head, Nextag Software Services; Sanjay V. Jesrani, Founder & CEO, Go North Ventures; Vijayanand Reddy, Director, Apollo Cancer Hospital; Rajender Reddy, Managing Director, Srini Food Park Pvt. Ltd.

The day's action culminated with the prize distribution ceremony followed by lunch. The winning team also earned themselves a place in the Pro-Am National finals to be held in Delhi in March 2016.

LLOYD Electric & Engineering is the Co-title sponsor; S- Cross, the Driven By sponsor; Nautica, the Style partner; 4moles the Digital Partner and Creatigies the Marketing Partner of the event. ◆

Definitive Capsule on Indian Economy

The author compiles contrasting data to help decipher the modern Indian economy. By AJIT RANADE



The Turn of the Tortoise: The Challenge and Promise of India's Future

By T.N. Ninan

PAGES: 368

PRICE: ₹483

Penguin Books

Even though he didn't plan it that way, at times, the book reads like a compilation of Ninan's Weekend Ruminations

India is the only country in modern world history that adopted universal adult franchise from its first day as a republic. Most other nations and democracies progressed from giving voting rights to smaller subgroups before making them universal. Hence, this poor, largely illiterate, mind-bogglingly diverse nation born in 1947 wasn't given much of a chance of survival. But not only did it survive, it also did very well and actually exceeded many expectations. It has remained in one piece, while many other countries broke into smaller parts. It has had sixteen national elections, large scale, and mostly peaceful transfer of power of one government to the next. Even its darkest phase of Emergency ended by democratic means – through an election, and not by bloodshed or a military coup. In recent times, it has been among the fastest growing economies achieving significant decrease in poverty.

Now, switch to an opposite narrative. India and South Korea were born together, but the former had greater promise. Leading economists and planners all over the world congregated to this newborn South Asian nation, excited about the possibility of high, sustained, inclusive growth with rapid increase in standard of living. Alas, nothing of that sort happened. The socialist instincts of the early planners led to an ever-expanding role of the government, into every sector, from making pins to running hotels. Banks were nationalised, incentives were blunted, free enterprise was throttled, license raj prevailed and growth stagnated. The country fell behind the fast growing Asian peers and is, today, host to the largest number of poor in the world. It still has a very large percentage of children who are malnourished and stunted. Average number of years of schooling is only 4.4 (for China it is 7). And so on. Oh, and South Korea joined the ranks of the OECD.

Which of these two narratives about India is true? No, you don't need to answer this question. British economist Joan Robinson famously said that whatever you say about India is true, and so is the opposite. So, the narrative is in the eye of the beholder.

One of the persons most qualified to describe this complex kaleidoscope called India is T. N. Ninan. He is a sort of *Bhishma Pitamaha* of the journalist fraternity, having scaled many peaks in that field, has defined excellence in reporting and analysis, and led the Business Standard for almost 25 years. His pithy and extremely insightful weekly column called *Weekend Ruminations* is eagerly followed by lakhs of readers. He has now penned his first book called *The Turn of the Tortoise* on the economy and its future. It's a breathtaking enterprise in its scope and ambition. It is thoroughly researched and documented. (It was origi-

nally meant to be co-authored with Oxford don Vijay Joshi). Every assertion is supported with data (the footnotes and endnotes themselves run into forty pages). Indeed there's so much data presented that you get a bit dazed with all those numbers. Here's where you see the economist author supported by the instinct of a journalist. However, Ninan does not let the humungous data get in the way of making his key points. He also has a unique way of juxtaposing contrasting data that almost goes "bingo" in its insight. An example: India's land acquisition law stipulates a process that could take four years to release land for infrastructure projects. It took China two and a half years to build the 1,318-km Beijing to Shanghai high-speed rail line.

Ninan's book is organised into eighteen chapters. (Coincidentally, so is Nandan Nilekani's *Imagining India*. Affinity to *Gita* or golf?!) The chapters are grouped into broader themes, like China-comparison, state of markets and reforms, the state and the citizen, emerging politics, engaging with the world and, finally, looking ahead. In state and citizen, there is a chapter on the underperforming state. The story of Kosi barrage or Mumbai police's unpreparedness contrasts with the success of the Mars Mission or the conduct of elections by the Election Commission. The state does poorly for everyday and core functions, but spectacularly in "mission mode". Why? The book is strewn with many such deeply perceptive questions.

Economics is its theme, but weaved into it are also political and sociological analysis. Read it at a tortoise pace, if you want to fully digest it

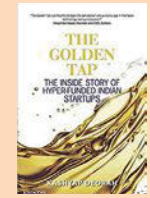
Now some quibbles. Though rich in its tapestry, this is not a book you can read at bedtime. It asks for your full attention. It wants you to go back and forth, and check references. Even though he didn't plan it that way, at times, the book reads like a compilation of Ninan's *Weekend Ruminations*.

Ultimately, though, this is one of the most definitive high-protein capsules to understand modern India. Economics is its theme, but weaved into it are also political and sociological analysis. Read it at a tortoise pace, if you want to fully digest it, and gain maximum nourishment. ◆

The reviewer is Chief Economist of Aditya Birla Group

The Golden Tap

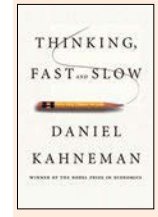
THE FORTNIGHTLY PICK



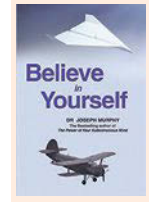
By Kashyap Deorah
Roli Books
Price: ₹595

The author, a serial entrepreneur, demystifies the technology ecosystem that exists in India today.

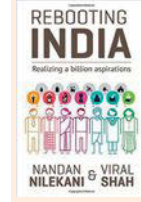
BUSINESS BESTSELLERS*



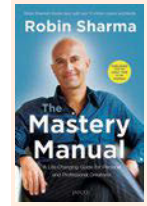
Thinking, Fast and Slow
By Daniel Kahneman
Penguin
Price: ₹499



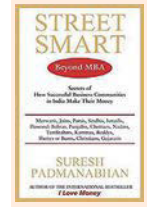
Believe in Yourself
By Dr. Joseph Murphy
Manjul Publishing House
Price: ₹95



Rebooting India
By Nandan Nilekani
Penguin
Price: ₹799



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By Robin Sharma
Jaico Publishing House
Price: ₹199



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By Suresh Padmanabhan
Manjul Publishing House
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Fact Personnel Private Limited
Sr Manager Weaving (Wider Width)
Location: Kolhapur, **Job ID:** 17752551
Description: Should be able to carry team along, Mentor & Guide subordinate to achieve GOAL wrt quality, Productivity & Dept discipline.

Datamatics Staffing Services
Sr. Manager / AGM Finance and Accounts
Location: Mumbai, **Job ID:** 17765641
Description: Preparing monthly and quarterly financials, variation analysis and sharing it with the management & regular basis.

Talent Corner Hr Services Private Limited
Senior Art Director
Location: Mumbai, **Job ID:** 17770364
Description: Should have extensive Web as well as print design knowledge.

Career Placements
Deparment Head
Location: Pune, **Job ID:** 17649917
Description: Maintaining Ledger Scrutiny, bank Reconciliation, Handling PettyCash & Cash Book etc.

Vesat Management Consultants Pvt Ltd
Head-Accounts Receivable
Location: Bengaluru / Bangalore,
Job ID: 17766187
Description: Proper invoicing within standard policies reflective of the customer requirement.

Response Management HK Services
VP Marketing / VP Sales
Location: Kolkata, **Job ID:** 17766526
Description: Responsible for all India Sales & Marketing, Export of Double Wall Corrugated Pipe & other Poly Extrusion products.

Perfect Placer
Associate Director/ Sr. Manager - Audit
Location: Delhi, **Job ID:** 17764919
Description: Responsible for executing client related engagements in the areas of governance, risk & compliance.

Mancer Consulting Services Pvt Ltd
Head- Transition Lead
Location: Kolkata, **Job ID:** 17690636
Description: Should be able to manage transition activities on all strategic programs.

ABC Consultants Private Limited
Director - IT Infrastructure
Location: Bengaluru / Bangalore,
Job ID: 17752003
Description: Must have very good experience in IT Infrastructure delivery & execution.

Personal Network
GM/VP-Operations
Location: Bengaluru / Bangalore,
Job ID: 17649195
Description: Assisting the Executive Team. and staff with the development of long term and annual plans.

Brainsearch Consulting Private Limited
Datastage Architect
Location: Bengaluru / Bangalore, Delhi,
Job ID: 12561085
Description: Perform DataStage installation, patching & updates both on server & on the client.

Srishti I 2 I Biz Solutions Private Limited
Technical Support Engineer
Location: Chennai, **Job ID:** 17772836
Description: Resolve simple & complex customer technical issues either on-site or via telephone, chat applications or other remote applications.

HIR Solutions
Sterling Integrator
Location: Mumbai, **Job ID:** 17772785
Description: 4+ years of development exp with SI – IBM B2B Sterling Integrator with EDI, XML/XSD, SOAP/ REST Web Services.

ML Outsourcing Service Private Limited
Performance Test Engineer
Location: Hyderabad / Secunderabad,
Job ID: 17772765
Description: Candidates with 5-8 yrs of work exp in web application testing.

Tech Mahindra Limited
UI Developer / Sr UI Developer
Location: Bengaluru / Bangalore, Delhi,
Job ID: 17772743
Description: Exp developing modular front-end components & building advanced web exp using HTML5, CSS3, JavaScript.

VAS International
PHP Developer
Location: Mumbai, **Job ID:** 17756244
Description: Integration of user-facing elements developed by front-end & back-end developers.

iSource Services
Java Developer
Location: Pune, **Job ID:** 17756224
Description: The candidate should have programming exp in Server side (back end).

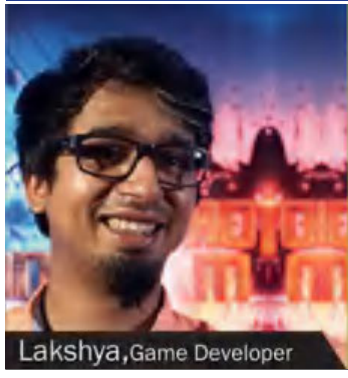
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Mainframes - COBOL
Location: Hyderabad / Secunderabad,
Job ID: 17755999
Description: Assist and troubleshoot current Mainframe environment.

Sampoorna Computer People
Oracle Fusion (HCM)
Location: Kolkata, **Job ID:** 17755807
Description: Preferably a consulting background & exp of at least 2 end-to-end implementation project lifecycles.

E Jobs
Architect Java/J2ee
Location: Bengaluru / Bangalore, Delhi,
Job ID: 17772858
Description: He/She will be working on Video Caching, Video Optimization and other value added services.

Focuz Infotech
Senior Software Engineer (JAVA)
Location: Cochin / Kochi / Ernakulam,
Job ID: 16417609
Description: Development of projects in Java, J2EE, Struts, SQL Server, Postgres SQL platform.

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Area Sales Manger
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Sarjen Systems Private Limited
Sr. Executive - Business Development
Location: Ahmedabad, **Job ID:** 17766917
Description: Build market position by locating, developing, defining, negotiating, and closing business relationships.

Shilo Solutions
Key Account Executive
Location: Bengaluru / Bangalore,
Job ID: 17766484
Description: Candidate will be one who has minimum 2-5 yrs experience in selling garment accessories to Ready Made Garment.

Bridge HR Consulting private Limited
Channel Sales Manager
Location: Bengaluru / Bangalore,
Job ID: 17756107
Description: Handling Primary and Secondary Sales of the Products in the Given Territory.

Anlage Infotech India Private Limited
Corporate Sales Executive
Location: Mumbai, **Job ID:** 17666177
Description: Business development for the verticals of BFSI, IT, Ecommerce.

CIEL Education Services
Marketing Manager
Location: Nasik, **Job ID:** 17653368
Description: Doing all sorts of Marketing Activities, conducting seminars, College Activities etc.

Dhanush EnggServices India Private Limited
Marketing Executive
Location: Hyderabad / Secunderabad, Guntur,
Job ID: 17766103
Description: Mobilization of Engineers &Technicians, Plan the marketing activities on daily, weekly and monthly.

Spectra Fire Systems Pvt Ltd
Sales Manager - BDM
Location: Delhi, **Job ID:** 17765779
Description: Candidate needs to Target New Clients for Developing New Business for Company's Products Range.

Popular Placement Consultancy
Relationship Manager
Location: Mumbai, **Job ID:** 17765089
Description: At least 1 year experience in Sales of financial Product.

GSS Infotech Limited
Inside Sales Executive
Location: Hyderabad / Secunderabad,
Job ID: 17620017
Description: 3 - 7 years of exp in Inside sales / Business Development in the international market (US Market).

Synchrony International Services Pvt Ltd
Collections Representatives
Location: Hyderabad / Secunderabad,
Job ID: 17772532
Description: Make outbound telephone collections on consumer and/or business past due credit accounts.

Gaba Consultancy Services
Sr. Accountant & Finance Executive
Location: Delhi, Meerut, **Job ID:** 17770804
Description: Service tax & Income tax returns, Monitoring Payments / Receivables.

Its possible Marketing Limited
Accounts Executive
Location: Delhi, **Job ID:** 17697337
Description: Ensure day to day accounting, book keeping and accounts through Tally 9.0/ ERP.

Simran Hr Consultancy
Chartered Accountant
Location: Mumbai, **Job ID:** 17765443
Description: Forecast cash flow positions, related borrowing needs, and available funds for investment.

Joy Recruitment Services
Finance Executive
Location: Chennai, **Job ID:** 17765350
Description: Managing Costing work, Monitoring day to day Accounts and Finance of company etc.

Perfect Placer
Associate Director/ Sr. Manager - Audit
Location: Delhi, **Job ID:** 17764919
Description: Responsible for executing client related engagements in the areas of governance, risk and compliance.

Skill Matrix Consulting
Accountant
Location: Hyderabad / Secunderabad,
Job ID: 17764701
Description: Maintaining of Cash Book, Bank Book, & preparation of vouchers and registers.

dEEVOiR Consulting Services Pvt Ltd
Portfolio Management / Accounts Manager
Location: Mumbai, **Job ID:** 17762958
Description: Should have at least 2+ years of experience in Accounts field.

Sukhvarsha Management services Pvt Ltd
Audit Manager
Location: Chennai, **Job ID:** 17760474
Description: Must be a qualified Chartered Accountant (CA) with AT LEAST 1-2 years of experience.

Carlton Resource Solutions
Finance Manager
Location: Chennai, **Job ID:** 17758372
Description: Min 3 years experience in managing the day to day functioning of Finance & Accounts.

Amrutha Business Solutions
Cashier
Location: Hyderabad / Secunderabad,
Job ID: 17678414
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Cybage
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SIEMENS
Hitachi Consulting
KPIT
lenovo
And many more.



Mark Zuckerberg
Founder & CEO, Facebook

Employee-friendly

Facebook founder **Mark Zuckerberg** announced in a post that he will take a two-month paternity leave after the birth of his daughter. Interestingly, after this, Facebook changed its global paternal leave policy to include four months paid leave for all new parents. Lori Goler, the Head of HR and recruiting, said in a blog post: "This expanded benefit primarily affects new fathers and people in same-sex relationships outside the US." Earlier, only Facebook's US employees were entitled to four months paid paternity leave.



V.N. Dhoot
Group Chairman, Videocon

Debt Relief

Idea Cellular's deal to buy Videocon Telecom's spectrum in Uttar Pradesh (West) and Gujarat circles for ₹3,310 crore is good news for the latter's debt-reduction plans. Not only will Videocon make almost triple the amount it had paid for the spectrum in the 2012 auction, the sale will also help it reduce debt, which was ₹22,670 crore as on March 31, 2014. Idea will also take over the outstanding liability of Videocon towards the government for these airwaves. Idea intends to use the spectrum for the launch of 4G services next year. Things may get better for Videocon as Telenor is looking to buy its 4G spectrum in Uttar Pradesh (East) and Bihar circles valued at roughly ₹3,500 crore.

A New Million

Uber's India rival, Ola, has raised $500 million in Series F funding from investors such as Tiger Global, SoftBank and DST Global as well as China's largest cab-hailing app start-up, Didi Kuaidi, taking the cab-hailing app wars to the next level. Ola has till date got over $1.3 billion investment, of which over $1.2 billion was raised in the last one year. **Bhavish Aggarwal**, the Co-founder and Chief Executive of Ola, said: "As we pursue our mission to build mobility for a billion people, we are excited about bringing on board partners who can help us get there faster."

Bhavish Aggarwal
Co-founder, Ola Cabs



NILOTPAL BARUAH

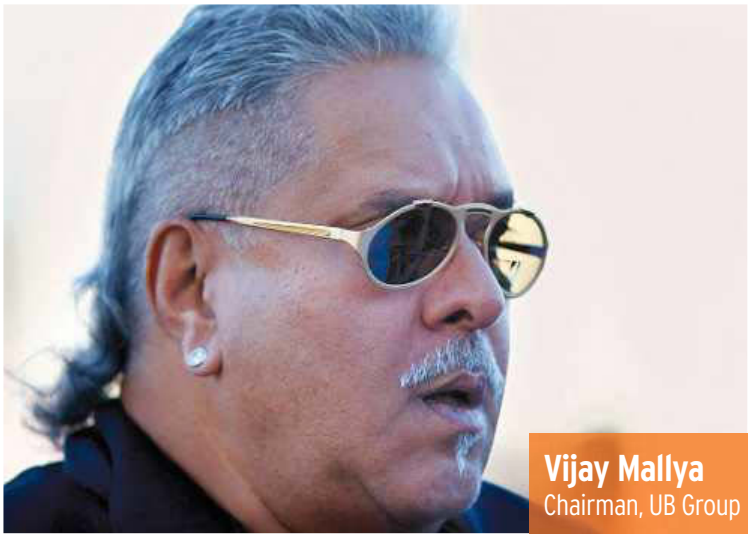
No Salary Blues

While the average salary of directors of Nifty companies was ₹9 crore, with a ₹44-crore pay packet, Hero MotoCorp's promoter **Pawan Munjal** affirmed the pay disparity that exists in India Inc. with promoters commanding a lion's share in the remuneration dynamics. As per proxy advisory firm InGovern, Desh Bandhu Gupta, the Chairman of Lupin, earned ₹37.58 crore. The figure was ₹27.18 crore for Bharti Airtel's Sunil Bharti Mittal. As per the report, as many as eight directors were paid remuneration that was more than one per cent of standalone net profits of their companies.



Pawan Munjal
CMD, Hero MotoCorp

VIVAN MEHRA



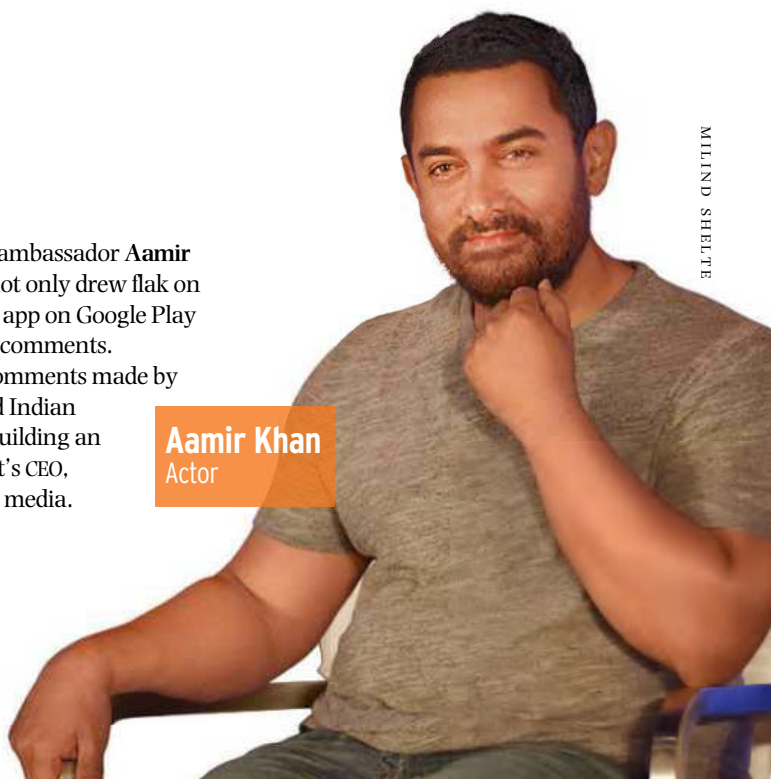
Vijay Mallya
Chairman, UB Group

Good Times are Back

Vijay Mallya is looking forward to having a good time as he turns 60 next month. "At 60, people think of retiring and enjoying life. I am also thinking of retiring and enjoying life. There is nothing wrong in that," said the chairman of the grounded Kingfisher Airlines who has been declared a wilful defaulter by banks. "I am focusing on settling Kingfisher affairs with banks. That's what my current focus is on." He is looking to pay banks the principal on the debt, but not the interest component. The principal amount is believed to be ₹6,963 crore as on January 31, 2014.

A Raw Deal

It did not turn out to be a *Dil ki Deal* for Snapdeal's brand ambassador **Aamir Khan**. His remarks on rising intolerance in the country not only drew flak on social media, but also affected the ratings of the Snapdeal app on Google Play Store. This forced Snapdeal to distance itself from Khan's comments. "Snapdeal is neither connected with nor plays a role in comments made by Aamir Khan in his personal capacity. Snapdeal is a proud Indian company built by passionate young Indians focused on building an inclusive digital India," it said. Interestingly, rival Flipkart's CEO, Sachin Bansal, came out in support of Snapdeal on social media.



Aamir Khan
Actor

MILIND SHELTE

COMPILED BY SARIKA MALHOTRA

Full interview with Roland Folger at businesstoday.in/roland-benz



Roland S Folger , MD & CEO of Mercedes-Benz India, talks to Chanchal Pal Chauhan about how he attained pole position in India's luxury car market.

What was your strategy for regaining leadership in the luxury market?

We faced the challenge of an incomplete portfolio. Also, we required a fresh design language. While we were highly successful in retaining our loyal customers, we were assertive in our conquest for new customers. The strategy for successful comeback to the No.1 position in India was based on consolidating our areas of strength and at the same time working extra on emerging opportunities.

How did Mercedes implement the strategy to regain leadership?

Mercedes-Benz has been in India for the last 21 years. We decided to create a new benchmark in the luxury market by introducing a new body language for all our products. Simultaneously, we pioneered many new segments in the luxury car space to keep customers attached to the brand. We also maintained a price premium from competitors as we offer only feature-rich and top-of-pyramid products.

How is the Indian consumer different from other global consumers?

After spending a good deal of time working in the overseas market, one thing I can confidently say is that Indian customers are highly value driven. They are more value driven than price conscious, as the perception often is. They are well-travelled, aspirational, successful and want the best of luxury experience. They are well-read and want that their purchase be on par with customers in mature markets.

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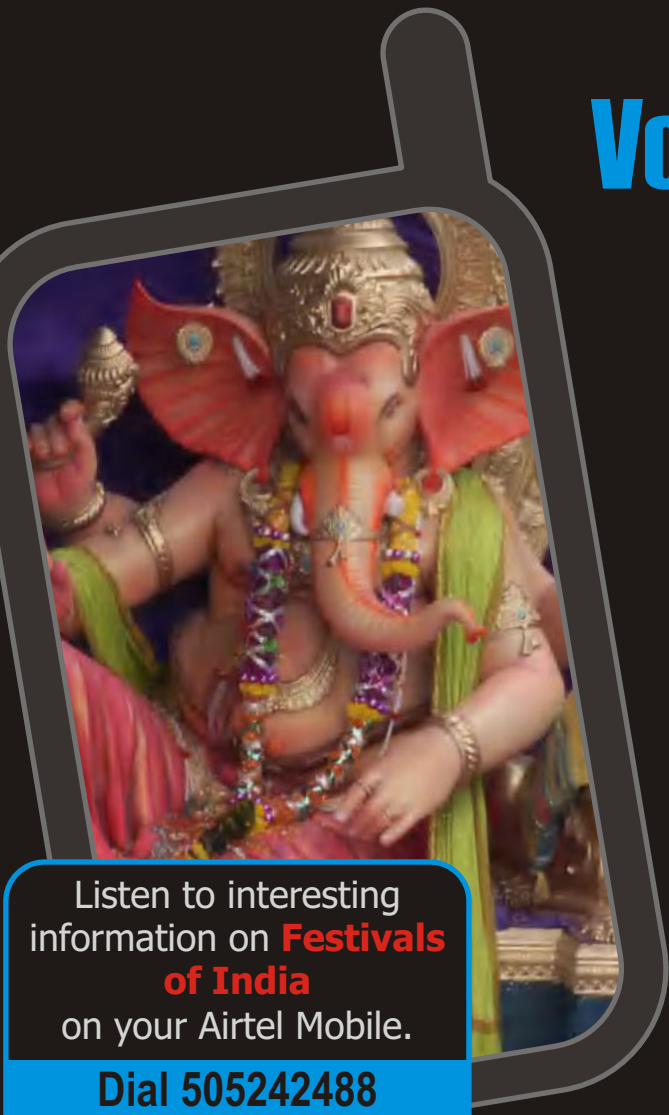
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ON BUILDING A BRAND THAT IS DURABLE

Ritesh Agarwal, Founder and CEO of OYO Rooms


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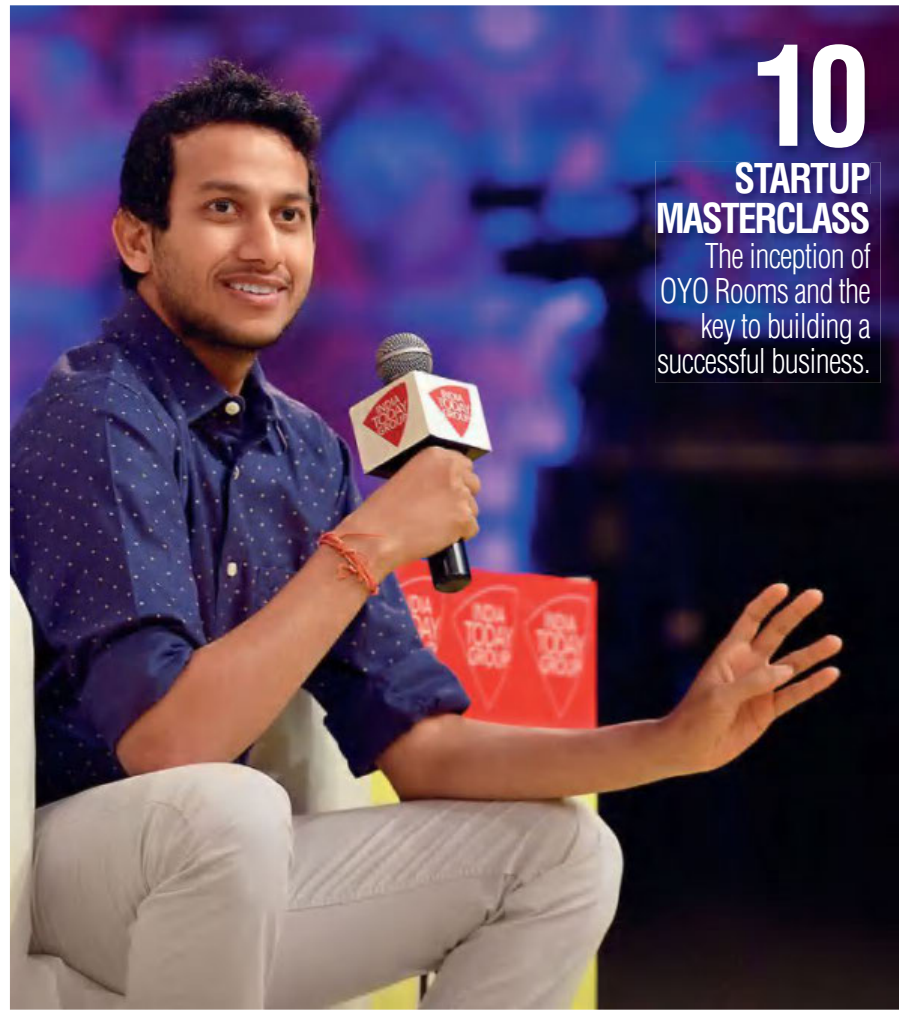
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ON THE COVER



COVER BY
VIKRAM SHARMA

KNOW YOUR WINE AND DRINK IT TOO



1 Figure out your Guests

The most important thing to keep in mind while buying wine for a party is to know your guests' tastes. If you are inviting a mixed bunch, play it safe by choosing wines that are less acidic and have a hint of sweetness. Certain aromatic wines are also a safe bet. Most people who lack a well-developed wine palate will take to such wines more easily. Chenin Blanc and Viognier are good options for first-timers.



Ajay Shetty, Managing Director & CEO, Myra Vineyards

2 Do your Research

Some Indian wines unfortunately do not come with tasting notes on the wine bottle. So it's a good idea to read up a little about different kinds of wines on the internet to find out how a specific wine has been made and what it contains. While you are reading tasting notes, however, remember that some knowledge may be necessary to understand what words like 'rich' mean in context of wine. It's all the excuse you need to brush up your beverage basics.

3 For Finer Tastes

If you know that your guests have a 'refined' taste in wines, try drier white wines and red wines that have more tannin and less sugar content. They won't be affected by the astringency of the wine in anyway. Cabernet Shiraz as well as Red Zinfandel are good medium-bodied wines that you might want to consider for your party. Also, look for vintage wines that attract a nuanced taste.

4 Don't Overspend

There are many factors that go into the price of wines such as the brand heritage, quality et al. However, the most expensive kind does not necessarily mean quality. Don't be shy about asking the price. If you have a budget in mind, let the person helping you with your selection know what your budget is. This will help you narrow down your options and get the best recommendation.

5 Match the Food

It's a good idea to always focus on the meal you plan on serving with the wine you buy. Make sure you have your entire food menu in place before you pick the wine. Making lamb chops? A Cabernet Franc would go well. For lightly flavoured starters go for the sweeter white wines and rose wines. Spicier foods tend to go well with neutral-flavoured white wines and aromatic red ones.





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ACE THE POCKET SQUARE

WHETHER YOU'RE HEADED TO A STIFF formal gathering or the wedding of a near and dear one, your suit can never be complete without its most shining aspect, the often underrated pocket square. As **Will Ayers, Founder of WILLIAM** puts it, "a gorgeous silk patterned pocket square can beautifully complement a suit for the red carpet and a pale-toned linen pocket square can work wonders for a summer day on your yacht." In an exclusive, he shares all the tips you need on wearing those otherwise intimidating squares with elan.

THE RIGHT KIND

Investing in a variety of colours and patterns, ideally in 100% silk or linen is a wonderful idea. A pocket square offers a fantastic opportunity to keep your suits looking relevant and of current trend. If you're coordinating colours, then pocket squares, ascots/ties and socks should be within the same colour tone palette.

WHERE TO WEAR

Whether you are attending a black tie event or just a casual dinner, one can wear a pocket square to almost any social gathering.

WHEN PAIRING WITH SUITS

The pocket square can amplify a bold statement when contrasted against the suit colour or share complementary hues with the suit. To further coordinate the styled ensemble, one can look to match colours/patterns with their ascot/tie and socks. Too many bold independent moves can bring an undesired complexity. It's best to think simple, clean and refined.

TEAMING WITH BANDHGALAS

Modern bandhgalas are incredibly beautiful, and are extremely inspirational for us. Pocket squares are a beautiful accent to bandhgala suits and add just the right amount of statement that evokes an exquisitely dressed man. How one folds and pops their pocket square dictates the mood of the man. If one folds and creates proper points to their square, it says they mean formal business; and if one quickly ruffles theirs into their pocket, it says they are informally edgy and sophisticated.



For the Long Run

With fitness the only buzzword on everyone's mind and the marathon season looming, it is time to get back to running with a vengeance. To help you run more effectively, Reebok has launched the ZJet Run Ghost shoe that gets its inspiration from a jet engine and is equipped with the proprietary Speed Channel moving air technology offering maximum cushioning and flexibility. The air in theJetfuse technology pods on the sole moves back and forth with every stride, and helps propel you forward. Also, the key abrasion areas in the heel and forefoot are equipped with minimal high abrasion outsole rubber, which protects the shoes from heavy wear and tear.

Price: ₹13,999 **Availability:** All Reebok stores nationwide



INTRODUCING THE NEW DETOX-STARTER PROGRAM FROM ANANDA

Revitalise your body and mind with a Detox experience at this award winning destination spa set in the Himalayan foothills. Ananda's new 4 night Detox-Starter Program integrates the essential elements of Ayurveda, Aromatherapy, Yogic Kriyas, Meditation and Personal Fitness with a *dosha* based customized diet that leaves you refreshed with a toned body, glowing skin and increased energy levels.

While this 4 night program is the perfect introduction, for a more comprehensive Detox experience choose Ananda's signature 7 / 14 /21 nights program.

Rates for the 4 night program start at ₹96,600 on single occupancy and include wellness consultations, 8 spa therapies & yogic kriyas, personal fitness, yoga & meditation sessions, all meals and taxes. Conditions apply.

To book your program or to contact our wellness consultant, call +91 124 4516655 or email wellness@anandaspa.com | www.anandaspa.com

A BRAND NEW VISTA

Instead of rushed flights, check into Vivanta by Taj Dwarka and get refreshed with Vistara's fly and stay package



LUXURY ON THE SKIES AND ON LAND

CAPITAL CONCESSIONS TOUCH A new horizon with Vistara's 'Fly and Stay' packages in association with Vivanta by Taj Dwarka. Instead of flying early in the morning and landing bleary and rumpled for a conference, opt for an evening flight the day before and check into the brand's plush property in Dwarka, New Delhi. Available for fliers from Mumbai, Bengaluru, Pune, Hyderabad, Ahmedabad, Guwahati and Bhubaneshwar, the strategic partnership is a smart move aimed at business travellers. The property's proximity to the airport and Gurgaon adds a level of convenience to commuting as well. The move has been timed to coincide with the holiday season and has offers for both business and leisure travellers available till December 31, 2015. Apart from Vistara fliers staying at the Vivanta by Taj Dwarka, Club Vistara members get some added benefits, namely a 10 per cent discount on Taj Holidays for family trips and royal retreats.

Passengers flying economy can opt for stay at rates starting from ₹10,616 (all inclusive) www.tajhotels.com

IT'S A DATE

Events to attend this December



9 The Dubai International Jewellery Week is a shopper's paradise. Learn about gemstones.

www.jewelleryshow.com

10 Get into the Christmas mood early with a brunch at the Belmond Le Manoir Aux Quat'Saisons in Oxford. Glide there aboard the Belmond Pullman.

www.belmond.com

31 Austria's premier New Year's event is the European take on elegant partying. Waltz in style at the Hofburg Silvester Ball, Imperial Palace, Vienna.

www.hofburgsilvesterball.com



LEARNING TO LOUNGE

Global airline alliance SkyTeam has graced Hong Kong International Airport with a spanking new lounge. The first in the region of Greater China, the lounge has all the trappings of an exclusive space heightened by impeccable service. Following the launch of SkyTeam-branded lounges Heathrow, Istanbul and Sydney airports, the Hong Kong instalment ups the ante with a stunning range of amenities. There are shower stalls, two living walls, a relaxation zone, a quasi dining room, a yoga room and a business nook with iMacs. **Available for Elite Plus members and First and Business Class passengers. www.skyteam.com**



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REVAMPING OF THE CONCORDE

Supersonic flights are synonymous with the Concorde, the final word in luxury flying. For the first time since the termination of the service in 2003, there are talks of reviving the speedy beauty by the ever-enthusiastic Club Concorde. Armed with an investment of £160 million, it plans to resurrect one of the two models as an exhibit and let the other one soar. Revamped in a new shell, the latter is aimed for use in fly-pasts at airshows, corporate, special events and for private charter. The flight will be recommenced in 2019 to coincide with the 50th anniversary of the inaugural Concorde flight.



NEW GOA AIRPORT IN THE WORKS

In a move that can change the face of tourism in Goa, a greenfield international airport in Mopa was approved by the central government. Dispelling rumours that the Dabolim airport will be shut down, the plan is to have one airport each in North and South Goa. In a first, Goa will have two airports in defiance of the rule that two airports in any state have to be located at a distance of 150 km from each other. Also, the current navy airport has a civil enclave maintained by the Airports Authority of India



THE GOA AIRPORT IN MOPA WILL HAVE ANNUAL CAPACITY OF 13.1 MILLION

for flights operated by commercial airlines. The new greenfield airport, to be developed in four phases, is to have annual passenger capacity of 13.1 million. But, hold your horses before you can think of flying into Mopa. Based on the recommendations of the Expert Appraisal Committee, the environmental concerns have been allayed on grounds of compliance with specific questions. An NGO, Federation of Rainbow Warriors had raised questions about the long-term effects of the proposed airport on the environment. The airport will handle both international and domestic passengers. ***The airport is a 30-year-old project that is slated to be completed by 2045.***



HOLIDAYING ON A STOPOVER

Take in the sights and sounds at Toronto, Montreal or Vancouver on a stopover with Air Canada's new offer. For the same price as a usual round trip, the stopover can be turned into a trip lasting for a week or lesser. Boosting tourism with a vengeance, the feature can be availed of on the outbound or return portion of the trip. Valid on flights booked upto March 31, 2016, it's available on economy fares including Flex and Latitude, Premium Economy and on Business class fares. For Business Class passengers with a stopover of over six hours, there's one night complimentary accommodation.

www.aircanada.com



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Vacationing often in the US? Get Localeur, the app that makes touristing a breeze. Filled with inputs and reviews from 'trusted' locals who are familiar with the city, it is your updated guide to all things sample-worthy. BT More recommendations range from travel and entertainment to restaurants and shopping. Strengthened by the option to 'vote up' certain features, it has a solid community base.

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Photograph by SHEKHAR GHOSH

"DEVELOP A BRAND PEOPLE TRUST"

Ritesh Agarwal , Founder and CEO, OYO Rooms, on how to be a successful entrepreneur and do it right.

TEXT BY PRACHI BHUCHAR

RITESH AGARWAL, 22, IS THE FACE OF A NEW INDIA that is teeming with young, innovative entrepreneurs who are not afraid to dream big. His highly successful OYO Rooms allows users to log on and book rooms at budget hotels and guesthouses around the country that have been standardised under the OYO brand. It has a franchise model and has been hugely successful since its inception in 2013. With an enviable inventory of over 14,000 rooms across 80 cities, it came as no surprise when OYO received $100 million in funding from SoftBank earlier this year. Ritesh is a youth icon and interestingly dropped out of college to fulfil his entrepreneurial dreams. He was also the first Asian to graduate as a Thiel Fellow (the Thiel Fellowship backed by PayPal founder Peter Thiel). Here he shares useful tips on how to be a successful entrepreneur and start young.

IMPORTANT TO INNOVATE

It's important to innovate and improve every day. You can innovate through ideas, technology, or any other means. The goal is to better yourself each day. When you are constantly improving, you are constantly moving and when you are moving, more often than not you are making progress. The chances you take might not always give you the results you want, but you will learn. And like the saying goes, if you never try, you will never know. Most importantly, don't be rigid, evolve. I started with Oravel Stays but soon realised that what Oravel offered wasn't solving the problem at hand, so I started OYO Rooms. And lastly, I really believe that one should not be scared to be different. The crazier your idea is, the more doable it is. Also, it's also very important to be persistent. In the end, the biggest risk is not taking any risks.

TRY TO SOLVE A PROBLEM

When I started building OYO, the only thought on my mind was that I wanted to solve a big problem. Every budding entrepreneur talks about how he is trying to solve a problem. It's a cliche, yes but it is important. Your business should have a purpose. You might not know the nitty-gritty of your business strategy in the beginning, but you need to be clear about the issue and what impact you want to make.

When I started building OYO, the only thought on my mind was that I wanted to solve a big problem

REMEMBER THE GOING WILL GET TOUGH

It's not going to be a smooth ride and I am not going to sugarcoat this. If you are starting your business in the real world, you will face hurdles. It's up to you how you react to them. My initial days were no different. From convincing investors to convincing people around me to trust my brand was a challenge as I was extremely young. I had nobody to support me and I was broke. If I had given up, OYO wouldn't have been here and the hospitality industry would have remained the same. Even now, some days are not easy. Remember the ones who last are the ones who don't crumble in hard times.

BE READY TO FACE CRITICISM

Be ready to face criticism when you start discussing your idea with the people around you. Criticism is necessary and though it might pinch a little, it makes you introspect. You don't have to heed to the criticism if you feel it's unnecessary. Also, you don't have to follow all advice. But it never hurts to listen, some of the advice you get might help you make the best decisions.

HIRE QUALITY PEOPLE

This is not easy. Be prepared to spend hours browsing through LinkedIn and contacting people who are working for big firms and doing great work. Chances are these people might not have heard about you or your company. The challenge before you is to convince people to leave their high-paying comfortable jobs and jump into the unpredictable world of start-ups. Once you have built the right team, your life will become much easier. The idea is to get the best quality people on board no matter how much time and effort it takes.

HOW TO BUILD A SUCCESSFUL BRAND

Develop trust for all stakeholders. From the customers to your investors, develop a brand for your company and for yourself that is trusted. Deliver on your promises. Your customers, partners, investors, employees and all other stakeholders should perceive you and the company in a positive manner. Having a trustworthy image will make your life much easier and will help you develop your brand better.



PEN

Knight Writer

Paying tribute to the popular superhero, Montegrappa has brought out a collection of 1939 Batman fountain pens, the number signifying the year when Batman made its first appearance. The pen's dark grey hue, which is the same as Batman's original costume has a surface with engravings of bats. The rhodium plated 18-carat gold nib also bears the bat logo.

Availability www.amazon.com
Price On request



SUNGLASSES

Look Into My Eyes

A new season is always an excuse for new sunglasses and these Giorgio Armani ones are a perfect escape from wayfarers and aviators seen everywhere.

Availability All Sunglass Hut stores nationwide
Price On Request

SHOES

Leather Luxe

Considering they're a staple for every man's wardrobe, it's essential to give your formal shoes a timely makeover. The Starlight Derby shoes from Louis Vuitton come with a Damier metallic heel and a chic patent calf leather. Everything elegant and exquisite.

Availability All Louis Vuitton stores nationwide
Price On Request





GADGETS

Pick Up Your Tab

A fully detachable tablet with a reversible dock to provide versatility and flexibility, a battery that lasts upto 16 hours a day and optimised for the new Intel Core processor, what's not to love about Toshiba's Portege Z20t tablet? Plus, it marks the brand's 30th anniversary too.

Availability www.amazon.com
Price ₹1,30,000


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FASHION

Black Wonder

If your winter wardrobe doesn't include a black leather jacket, then it isn't complete. This jacket from Harley Davidson, part of the brand's Black Label collection merges monochrome with biker chic rather well.

Availability All Harley Davidson stores nationwide
Price On request

BAR ACCESSORIES

Ride the Chariot

Here's the perfect accessory to flaunt at your next house party as you bring out your finest bottle of wine. The Royal Chariot wine bottle holder from Frazer and Haws is regal enough to win your brownie points from your guests and classic enough to be used as a standalone piece in your living room.

Availability At all Frazer and Haws showrooms nationwide
Price ₹83,200





ACCESSORIES

Excess Baggage

Whether you're travelling or going about your daily life, a backpack is there to ease things out. Get this suede one from Tom Ford that's in a beautiful shade of chocolate– it's great for both daily use and luxe travel.

Availability DLF Emporio, Vasant Kunj, New Delhi
Price On request

SNEAKERS

Take It Easy

When looking at keeping it cool and casual, there's nothing like a pair of smart sneakers to get the job. These Zegna ones are the perfect pair both in terms of comfort as well as style.



Availability All Ermenegildo Zegna stores nationwide
Price ₹37,000

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Mumbai	January 15, 2016 at Willingdon Sports Club
Bengaluru	January 30, 2016 at Eagleton Golf Resort
Kolkata	February 20, 2016 at Tollygunge Sports Club

GRAND FINALE

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THE DANISH CONNECTION

The concept of electronic integration gets a whole new dimension with Bang & Olufsen's revolutionary Beolink Gateway system.

TEXT BY ANINDITA SATPATHI

MOULDING STIRRINGS OF MEMORIES INTO tangible form is the preserve of creators dabbling in the anatomy of shape. These artists aren't connoisseurs of clay or wax. They sculpt aluminium and titanium polished to a liquid fluency as melody echoes through metal. On the occasion of its 90th anniversary, Bang & Olufsen ripens into a brand name of global reckoning.

› DESIGNED FOR PERFECTION

An organic functionality permeates B&O's ethos. There are traces of pebbles and ripples sculpted into a streamlined silhouette lending weight to its claims of intuitive craft. Run a finger along the temptingly ridged facade to appreciate the brand's obsession with ergonomic detailing–a gentle stroke of the edge of the enlarged disc lowers and increases



volume. The manufacturing process is done in Factory 5 at Bang & Olufsen's headquarters in Copenhagen, whose sparkling glass edifice belie the timber ramparts that lie within. Speaking to the senses with the eloquence of a poem, these devices are symbols of brilliance sheathed in edgy frames that resonate with expressive motifs. For B&O, expression is a whisper, a fleeting touch or a slight gesture. Branding is perfunctory, the symbol a mere dot on the harmonious woodscape of the Beolab 18. Outwardly, each contour is an expression of sharpened intricacy while the mechanics fitted with HD features create unique imagery.

› BRAND LEGACY

Stretched taut over Denmark's spectrum of style, the 90-year-old company's aesthetic sits pat between that of the Royal Copenhagen Company and Lego. The brand is said to have a fair number of employees who joined from the building bricks giant. Staying true to the vision of Peter Bang and Svend Olufsen, it continues to be committed to the pursuit of pure design. "A lot of tweaking is needed to make a substance as dense as wood become an element of audio streaming," clarifies Tonmeister Geoff Martin. You wouldn't think so if you saw the discs, cylinders and spheres in the trademark shade of matte silver and ink black.



›DESIGN MEETS FUNCTIONALITY

It's not all monochrome; most products come with coloured sheaths for that pop of customised style. A riveting composition fitted with elements of superior mechanics lay the ground for a visceral reaction. The feeling only deepens with further exploration. Having identified the route to perfection–unobtrusive innovations that transform the experience of interacting with a device–B&O introduced the first tuck-away panels of knobs on a TV. A simple idea elevated to the level of genius, it set a norm of timeless relevance.

› COMFORT AT A CLICK

Coddling is part and parcel of the superfluous times we live in. It is when imagination transcends the realm of vanity that great ideas are born. In step with this culture of expectation, B&O wows with the Beolink Gateway. Premised on the concept of multiroom entertainment, this service acquires the characteristics of a magical device. B&O's home automation system seeks to establish a level of living brimming with vitality

The way Bang & Olufsen does it, the act of easing into the mood of the moment when you step into an integrated space of the brand, is assisted elegance. Having built an empire on delivering excellence, Bang & Olufsen's sound systems are graceful manipulators fooling the uninitiated into thinking they are glamorous decor elements. Imagine a home that starts crooning the moment you step inside. Lights are dimmed and the blinds part oh-so-slightly just the way you like it. There is no bulky player big enough to emit gravelly bass tones but a sleekly tapering apparition in gleaming titanium that holds sway.

› BEOLINK GATEWAY

Whittling the process down to a few basic steps through programming, the Beolink Gateway unifies control of your gadgets, linking their functionality. This streamlining occurs across manufacturers. Effectively, you can send commands through the Beolink app on your iPhone or iPad when you're turning into the driveway. The standout feature of the Beolink Gateway's Advances set-up is that all household appliances, from coffee machines to blinds, can be linked to it. Single trigger actions so far demonstrated in sci-fi movies are at your fingertips. With the custom installation industry witnessing a growth of 19%, this could well be the next level in integrated living.

Install the Home Control menu in your BeoVision Avant. It allows for control of all home automation equipment down to light and climate control. It's perfect for the days you practice inertness and aspire to a higher level of sloth. The third option of control is the BeoRemote One, a snazzy yet unobtrusive device with which you can hide behind the curtains to play ghost and scare unsuspecting visitors. It's not advised except on Halloween. And, that's how you bask in the glory of smart engineering. *Available at BeoWorld, DLF Emporio, Vasant Kunj. Price on request*

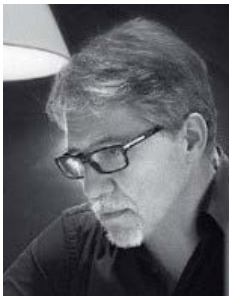
MAKE THE LINKS

» **Configure** The Beolink Gateway allows for real-time configuration and immediate editing letting you integrate a plethora of diverse devices spread across rooms.

» **Combine** Linking a stream of actions creates macros or scenes that operate in symphony. This simplifies a series of complex tasks.

» **Planned Drivers** The platform does not include coding within the workflow. This allows it to focus on resource-oriented programming between installations. Welcome to home automation accessible at the click of a button.

FOR THE MAN OF STYLE



Sergio Corneliani, Creative Designer, Corneliani

Firstly, I believe that the new men's wardrobe should disregard any distinction between formal and casual. While it features a range of different styles, they all share the same underlying tendency for innovation, inspired by a number of fundamental themes relevant today.

We need to re-emphasise the concept of nature, open spaces where man can recover his energies, discover places where he can take time out to reflect and escape, wherever possible, from the "barrage" of endless stimuli and constant pressures.

But the theme of nature also includes the concept of ecology. Environmental concerns are inspiring the fashion industry to increase the use of natural and even recycled materials. Textile technology has reached new heights of innovation, making it possible to produce fabrics using special yarns with pure and untreated natural content.

Today, elegant menswear is following two separate paths. On the one hand, there are traditional rules of dressing well, fundamental principles for our brand too; on the other, there are new tendencies and influences which we need to take on board to fashion a free, dynamic form of contemporary elegance. Increasingly menswear features crease and stain-resistant materials and details which are both practical and attractive. Because contemporary men are always on the move, their wardrobes should reflect the way they live but always with style.

I also believe that travel will continue to inspire fashion over the coming seasons. Modern consumers prefer experiences to objects, so making clothes and accessories which men can wear as they travel around for business or pleasure is absolutely essential.

Another key trend is the return of craftsmanship. The world moves at such a fast pace today, and we are bombarded with endless mass-produced goods which we unconsciously adopt soon enough. But I've noticed that more and more consumers are rejecting this idea, preferring to seek out authentic, unique, quality products: "handicraft" is essential for at least part, if not all, of the production process in this case. These aspects have always been de rigueur for us, at Corneliani.

It is therefore logical that more emphasis is placed on details. Personalised, made to measure garments emerge supreme. While they may appear simple and suited to different occasions, they are filled with those luxurious finishing touches which really make a difference: from buttons, contrasting stitching and pockets to decorated undercollars and washes, everything which makes a garment unique and seductive.

TOP TRENDS







Black and White

You can never go wrong with black and white. The ideal choice for city living, this young, sophisticated combination will stand the test of time. This season it also comes in melange effects and more graphical, optical patterns depending on the occasion.

Oversized Coats

This winter, coats will all be long and oversized, apart from being warm and comforting, in keeping with the more relaxed trend worldwide yet always remaining perfectly elegant.



Deconstructed Jacket

A relaxed yet impeccably elegant choice, the deconstructed jacket is a must-have. It's one of the most stand-out winter trends for men worldover and there'll be no missing this one.



Narrow Trousers

The focus will be on a slimmer fit, some of them with pleats and a longer length between the crotch and waist. The fabrics, from carded flannel and corduroy to frosted cotton drill, will therefore have an increasing level of natural stretch for that feeling of comfort.

THE RAW BASICS OF POWER EATING

Treat your body well to get the most out of it. Healthy diet plans deconstructed for easy consumption.



LUKE COUTINHO
Head Nutritionist and Master Coach at GOQii

> “Take the stairs instead of the elevator, walk while talking on the phone, fill up your water bottle, take a walk round the office floor, park your vehicle a short distance away so you have to walk some distance to get to your car.”

1 EAT MORE EARLY

Eat more during the early half of the day when you’re active and slow down intake towards the night. Use combinations of carbs and proteins to get balanced nutrition. Fruits fall in the section of simple carbs and should be eaten during the first half of the day or early evening. Chew food thoroughly for at least 20 minutes to feel satisfied, achieve portion control, reduce sugar craving and overeating as well. Limit carbs from chapatis or rice at night and load up on proteins with vegetables.

2 BREATHE AND EAT

Take five deep breaths (Vitamin ‘O’) before eating and while eating. This hastens the process of absorption of nutrients. Use breathing tactics such as inhaling through your nose (to get more oxygen) and exhaling through mouth (throw out more carbon dioxide) from the system while exercising. It’s the first rule of yoga and apart from burning fat, targets critical organs.



3 THINK ALKALINE

Maintaining the body’s alkaline balance is the best way to metabolise fats. Taking lemon water with meals (lunch and dinner), in the morning on an empty stomach, including cucumber in salad and avoiding junk foods helps in keeping the body alkaline. Avoid deep fried stuff when eating out because reheated oil is high in trans fats.

4 BE ON THE MOVE

Any activity, no matter how insignificant, utilises your body’s stored fats when combined with balanced meals. It increases muscle mass which in turn enhances metabolism and blood circulation. Try not to keep sitting for long hours and incorporate some motion into your routine even when at work. Take stairs instead of the elevator, walk while talking on the phone, fill up your water bottle, take a walk round the office floor, park your vehicle a short distance away and walk to work.



5 COMBINE FOOD GROUPS

Incorporate all the food groups in your diet to fulfil the body's daily energy requirement. Seasonal fruits and vegetables are a better source of vitamins and minerals than non-seasonal produce. Restrict the consumption of junk food by eating mindfully and balance it with a substantial portion of vegetables and fruit to push up your fibre intake. Choose whole fruit over fruit juices.

6 STAY HYDRATED

Drink at least two and a half litres of water to keep up your body's hydration levels. Dehydration is often the reason for fatigue. Water regulates metabolism. Have extra glasses of water on the days you consume more coffee, tea, alcohol, fruit juices or aerated drinks. Avoid all types of aerated drinks because they're empty calories and leach out calcium from the bones.



THINKSTOCK

7 DON'T COMPROMISE ON SLEEP

Sleep has more of a bearing on every aspect of physical and mental health and the immune system than we realise. The consistency and quality of your sleep and wake cycle is linked to muscle and tissue repair. It's important to get 7-8 hours of sleep daily. It can detoxify your body and reduce belly fat. Lack of sleep leads to hormonal imbalance and this has an adverse effect on fat gain.



IMAGES BAZAAR

8 CARRY YOUR OWN FOOD

Quick, power-packed meals on the go are your best bet to feeling energetic through the day. When you're out and about, the temptation to resort to a greasy bite at some local eatery is high. Instead, if you carry your own snacks or fruit, it keeps you focussed on healthy eating and meals that are light on the stomach. A lot of these options are no-cook and easy to whip up in a jiffy.

9 CURB BINGEING

When you're stressed, the primary stress hormone called cortisol is released. It increases sugar in the bloodstream, which in turn has the potential to induce fat deposition. It's easy to fall prey to emotional eating when you're not thinking straight and are seeking comfort in food. Instead of that try to pin-point the cause of stress and take control of it to avoid the tendency of overeating. Meditation can play a big role in soothing the system and taking your mind off worries.



"EMOTIONS GET IN THE WAY OF A GAME"

General Manager, LVMH Watch & Jewellery India, Amit Chaloo, on finding focus in a heart-stopping game of squash

TEXT BY ANINDITA SATPATHI



Amit Chaloo, General Manager, LVMH Watch & Jewellery India

Photograph by SHASHANK SHEKHAR PANDEY

AMIT CHALOO, HEAD OF TAG Heuer in india, is the key figure in shaping the perception of the luxury watch brand. In the midst of discussing how to scale up customer experience, he manages to sneak out time for an adrenalin-pumping game of squash. We caught up with him on the court.

#Induction into the game I picked up the habit of playing squash while working in Singapore in 2000. There was a squash court at the apartment where I used to stay. Among my fellow residents were Chinese, Malaysians, Indians and Caucasians very devoted to the game. They used to play every alternate day and I picked up the habit from them. It came to the point where I wouldn't miss a single game partly because the court was close by. The squash games were more than just a game, they were events around which barbecue lunches, pool parties and quarterly tournaments were organised.

#Why Squash I've sustained my interest in squash over the years though now all I can manage is one game over the weekend. If you ask me, I can't pinpoint one single reason why I like squash but it's a game with so much energy that it blocks out your worries. I equate it with a sort of momentary meditation. Each stroke is a clean movement that empties your mind and acts as a deeply relaxing method. Squash is not so much a way of getting fit as it is a game for those who are fit and want to push their bodies further. In fact, you need to have a certain degree of fitness and stamina to be able to play the game.

#Memorable Games I was never very good academically but I have a knack of picking up sports. Apart from squash, I enjoy playing cricket and hockey. I remember playing cricket with a tennis ball and no sign of a wicket with friends as a kid and thoroughly enjoying it. In Hanoi (Vietnam), a few Indian friends were running a cricket club where you could see sportsmanship of some calibre. When I landed there, a game was on with some Australians, most of them professionals from oil and gas industries. We were to play on a football ground with a mat doubling as a football pitch. Needless to say, no one wanted to bowl and somehow I was chosen to do the onerous task. The first few were unplayable deliveries but as I began to generate pace, my deliveries became better in the span of a few overs. So, picking up a game has never been too hard for me, no matter how stressful the situation.

#Management from Sports A game of squash is not very different from running a business. When you're facing a wall with nowhere to turn, you have to plunge in and give it your best shot. The scenario reminds me of handling a tricky meeting. Case studies show that you can be calm and collected when your own money is not invested. Once you have a stake in a project, it becomes that much harder to take a decision. Similarly, when you're playing a game, it's very upsetting if you happen to fall behind. In this case, a game like squash teaches you to not be affected by the momentary dip and to continue playing on your own merits. A sport can teach so much about management and work culture. In the middle of the match you have to try and not think about the last point you lost. Don't let your emotions decide your next move. Team work is also a critical aspect of a game that has relevance in a boardroom. Don't let a difficult situation stop you from learning from and enjoying the game.

#Culture of Discipline Squash, being as rigorous as it is, doubles as a full-body workout supplemented by a trip to the gym and swimming. It's a stop-and-go game that builds up very fast. It's not about how fast you hit the ball, but the related factors that defines a clean stroke. These include your position, posture, how your eyes follow the ball and how you return it. It can teach you how to focus in stressful situations. I don't go premeditated into a match; it throws the balance of the game. I like the mindset of training that defines dedication to any sport. It internalises a culture of persistence and hard work.

> I have a knack for picking up games fast; I can play squash as well as cricket and hockey reasonably well.

SANGRIA DAYS IN SPAIN

Not just Barcelona, there's a whole lot of Spain waiting to be discovered

BY SAURAV BHANOT



When you get to see more eateries and bars around you than offices and commercial complexes, you know you've arrived in just the right country for a holiday. Enjoying a plateful of paella along with a glass or more of sangria, what's not to love about Spain? One of those countries where work and pleasure find the perfect semblance, Spain is a traveller's delight. There's everything historical and scenic, great weather pretty much throughout the year and generous doses of food and wine alongside. In the words of one of my tour guides, "Eating out and socialising are a major part of Spanish culture" Every evening, religiously, Spanish men and women come out to eat, drink and make merry. The energy is robust and the mood upbeat. In Spain, the party never ends indeed. I say, cheers to that; or Salud, as the Spaniards like to put it. To label Spain as a country that loves its food and wine would be stating the obvious. But to limit it to just that, as I learned over the course of my trip to the country, wouldn't be fair either.

While Woody Allen would think otherwise, Barcelona isn't the only place worth visiting. There's a lot more to Spain, both famous and not-so-famous that deserves a visit. All you need is a train ticket to some of the most spectacular cities you'll come across and a great view of the Spanish countryside that you get to see all along the way.



Seville

Finding the perfect balance between big-city madness and small-town serenity, Seville is ideal for those looking to get a true-blue Spanish experience. From restaurants to a beach not-too-far away, architectural greatness to Flamenco no less, Seville's got everything to get you hooked. It even lets you do a little gondola ride, yes.

BT More recommends

Museo del Baile Flamenco
This museum has everything you need to know about this high-octane dance form. The best part is that there are classes and workshops, not to forget performances, for locals and tourists alike where you too can get your dancing shoes on.
Open: 10 am to 7 pm
museodelbaileflamenco.com

Grub Fest

Vineria San Telmo
Tapas is a major part of Spanish cuisine and the skyscraper tapas here, with aubergine, goat's cheese and smoked salmon is not to be missed.
Cost: Tapas plates start at €3.50
vineriasantelmo.com



The best way to travel between the cities is through the Renfe Train Network. Fares are upwards of €45



Cordoba

A small Spanish town that looks like it's painted in white thanks to most of the buildings in either white or off-white paint, Cordoba is as quaint as it's beautiful. The best way to experience the city is to rent a bike or walk, so as to get into all the nooks and crannies inside where lies some of the best things about the city including the Street of Flowers.

BT More recommends

Mosque-Cathedral of Cordoba This massive holy building merges influences of both Islam and Christianity having been both a mosque and church under different kingdoms in the past. Today, its Cordoba most talked about historic site. Open: 10 am to 6 pm; tickets begin at €37 for a group tour

Grub Fest

El Churrasco For a small town, the restaurant has a pretty massive menu. From local Spanish food to a little fusion fare, it's all rather good. If you're a beef lover, don't miss the beef steak. Average meal upwards of €37 per person; elchurrasco.es.



Segovia

A small old city on the outskirts of Madrid (precisely 30 minutes by train), Segovia is a charming town that makes up in picturesque views for its small landscape. It's a UNESCO World Heritage City that's rich in Spanish history that relies completely on tourism for its economy. Also, you'll find some of the nicest people in the whole of Spain residing in the city, for sure.

BT More Recommends

Roman Aqueduct 894-m long, this aqueduct is the most recognizable stretch of the city, lending it a unique dimension. It's a beautiful structure that's held together without any use of mortar whatsoever and makes for an arresting sight in photographs and selfies alike.

Grub Fest

Jose Maria The best place in the city to try out local Spanish food, the restaurant is famous for its roast sucking pig. Best for a brunch with copious glasses of wine. Meal for two: Approximately €60 restaurantejosemaria.com

Valencia

The third largest city in Spain, Valencia is always buzzing with people who're either working or working out. Yes, it is the city for marathoners with some or the other marathon happening throughout the year. Another striking aspect about the city is the green ribbon-shaped park that runs through the centre of the city; it was a river in the past but due to heavy flooding, the river was diverted to the outskirts.

BT More Recommends

City of Arts & Sciences A new addition to the city, this architectural complex consists of a planetarium, interactive museum, landscaped walk, open-air oceanographic park, opera house and a plaza. While the entry is free, specific activities are charged; www.cac.es

Grub Fest

Columbus Market A monumental delight that takes inspiration from the works of Gaudi, this is not just a great place to shop for souvenirs but has some of the most eclectic restaurants serving cuisines from all over the world. Open from 11am to 12:30am.



Madrid

The capital city of Spain, and also the third largest in Europe may not have inspired filmmakers yet, but it's got enough going for it to keep you hooked. From art and culture to fashion, food and nightlife, Madrid is where all the action is. Its cosmopolitan culture engulfs people from all over the world and from housing some of the most stunning museums and galleries-Madrid is home to Goya and Velazquez no less- to offering a delicious palette of restaurants and nightclubs, the city is as true to all things Spain as it can get.

BT More Recommends

Museo del Prado One of the world's most prestigious art galleries that houses more than 7,000 paintings including the works of Goya, Velazquez, and Jeronimos among others. Timings: 10 am to 8pm museodelprado.es

Grub Fest

Platea A gourmet food hall, this building is divided into 3 floors- 2 that serve various international cuisines and a restaurant on the top floor by Michelin-star restaurateurs Paco Roncero, Pepe Solla and Marcos Moran. Don't miss the burlesque-styled live performances that happen every evening. Opening hours: 12pm to 12:30am plateamadrid.com

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The world map on the face of the Geophysic® Universal Time, exercises hypnotic allure with the continents stretching out like an open travel invitation. The compelling timepiece is equipped with Jaeger-LeCoultre Calibre 772. The mobile disc enables simultaneous readings of the time in all 24 time zones and the fixed city disc with its perfectly readable names helps users get their bearings. Epitomising an absolute determination to promote simplification, the time is adjusted via the crown and no longer with a pushbutton. Whether in True Second® or Universal Time versions, the Geophysic® conveys a constant intensity and attitude entirely in tune with the times.

5 RULES TO WORK WITH

Your body language speaks volumes about your personality. Quick tips on appropriate body language at the work place and how to cultivate enduring work relationships with colleagues.



CARLA MATHIS
Image Consultant

> “Whether you work in IT, HR, marketing or administration, you have something other people need. Try not to hand off work requests in the common eating area, bathroom or outside office. The line between work and personal lives should be respected.”

1 DON'T BE OVERCONFIDENT

Confidence roughly translates to a feeling of self belief and about being convinced in the relevance of what you do. In order to exude confidence, you need to be secure about your abilities and ensure that it does not cross into the zone of over confidence. When confidence begins to border on arrogance, it poses a threat. The secret to being confident and being respected at the same time is simple–stay humble.

2 EXUDE POSITIVITY

Nothing undermines you more than a poor and slouchy body posture. In addition to posture, practise eye contact when you meet someone for business or socially. This signals positivity, openness and approachability. Always extend a firm handshake, which is a web to web contact of palms, no sweaty palms, a firm grip and eye contact. Keep your feet firmly planted on the ground, sit straight, and practise the art of using gestures while talking. Try not to cross your arms and instead, lean slightly toward the person to display interest.

3 MAKE EYE CONTACT

One can maintain a cordial equation with co-workers by practising common courtesy. A simple exchange of smiles and a good morning or hello is the first step in forming a constructive workplace relationship. Make eye contact and refer to people by name. You'll find people responding better to you. Learn who works best through email, phone, instant messaging or personal visits and try to utilise these preferences when engaging with colleagues. Every job is a service job. Try not to hand off work requests in the hall, kitchen, bathroom or outside the office.

4 BE CAREFUL ON SOCIAL MEDIA

Proceed with caution on social media. If you do connect with co-workers through social media, don't engage in inappropriate relationships and don't present an unprofessional side of yourself. We've all heard that it's dumb to post drunken Facebook photos, but a better rule would be to keep any controversial interests or hobbies separate from your work life.

5 SOCIALISE WITH CAUTION

Socialising and getting to know your co-workers as people will help you to communicate better and trust them more. Also, employees who have positive workplace relationships are happier at work. People who are happy at work are more productive, creative and more successful overall. Gossiping or spreading rumours post a social get-together between colleagues only brews bad blood. One should hence socialise with caution. Know who you can trust with your secrets and don't divulge personal details while sharing confidences.



The Great Eastern Home

VINTAGE VIGNETTES!

Feel like a Noble while you sleep on Magnificence

The Great Eastern Home is a furniture and lifestyle store that has become the preferred destination of those with a keen eye for beauty and quality. The Great Eastern Home has made luxury and opulence a trade mark, and has sustained its claim of being India's premium vintage and period style furniture maker. It is situated in the heart of Mumbai at Byculla and in Vikhroli.

The Great Eastern Home has launched magnificent new range of Period style Beds that have been reproduced to perfection. This range includes from Four Poster Bed, Brass Bed, Queen Size bed to Sledge bed, made to add majesty and opulence to the abode of its connoisseurs and patrons. Their artistic craftsmanship makes these beds an exemplary standard for style and elegance. This range has period inspiring beds like Burmese Art Deco, Colonial style, Art Noveau style handcrafted in Burma teak wood and Mahogany wood which will last you for ages and generations and never run out of fashion or style due its simple and classic design.

Website: www.thegreateasternhome.com

One&Only Reethi Rah Maldives

Luxury Resort Overview

Surrounded by the crystal blue wonders of the Indian Ocean, this superb all-villa Maldives resort offers an unrivalled level of style, choice and personalised exploration. Sleek and spectacular, with unprecedented privacy, One&Only Reethi Rah inspires extraordinary journeys for the soul.

Set on one of the largest Maldivian islands in North Male' Atoll, adorned with endless white sand coves and turquoise bays, all villas enjoy beautiful ocean views and direct access to the lagoon. One&Only Reethi Rah offers the ultimate holiday experience to those seeking the pinnacle of tropical Maldives luxury. Nowhere else in the Maldives is there a resort with this much space and exclusivity.

Indulge in Maldives Luxury Resort

Supreme and private luxury amid nature's tropical magic of the Maldives. There is a place in a far blue ocean of wonderful beauty. Generous exterior spaces range from beach verandas to private swimming pools and large over-water decks. Villa interiors have high ceilings with a perfect balance of proportion and space, and bathroom suites with large stone soaking baths, designed for two. All feature wide-screen plasma TV, DVD/CD player with surround-sound system, iPod docking stations, and broadband internet access. And Always the services of a dedicated Concierge and a thoughtful Villa Vale.

HOW TO TRAVEL SMART AND LIGHT

Travelling shouldn't be a stressful experience even if you're headed to an important business conference



ANISHA SINGH
Founder and CEO of marketing platform mydala.com

"When travelling, arm yourself with a compact carry-on and a small overnight bag. This pre-empts a situation where you have a bag that's too big to keep under the seat. Your carry bag is for essentials you might need in the course of your flight."

1 TAKE YOUR BAG FRIDAY

Everybody has an easy-to-use bag. I swear by my Adrienne Vittadini overnight roll on. It's got a big flap in the front, which lets me slide my laptop in and out fairly easily during security checks at the airport. This is especially important for me because I am always running through last minute. I like the fact that I can carry it around like a chic duffel bag, and roll it when not in use. It's like a little black dress of must-have carry-ons. I bought it online.



2 COMFORT OVER FASHION

Some things that I carry even on a day-long trip is an extra change of clothes and one of those pouches that contain basic essentials such as toothbrush and paste. You never know when you might miss a flight or get caught in a downpour, requiring a change of clothes. Oxfords look sharp but, if you ask me, comfort rules over appearance during travel. So, make sure you carry comfortable pair and switch before meetings. Voila! The best of both worlds.

3 PACK SENSIBLY

There's a carry-on that you put overhead, and there's another that you fill up with things that may come in use during the flight. Keep them separate; it's so much better than holding up the queue when people are boarding just because you can't remember which bag has what accessory. My seat carry-on usually contains my Kindle eBook, ear plugs, a bottle of water, and everything else I might need on the flight. Everything else, then, just finds its way overhead.

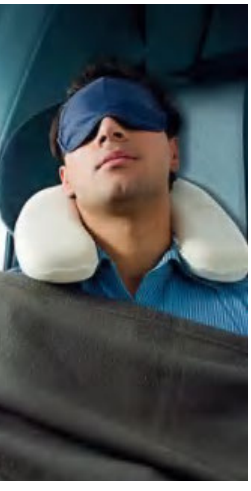


IMAGES BAZAAR



4 CARRY VERSATILE CLOTHES

The basic clothes that always go with me are jeans, a white shirt and a light blazer. Besides making for a great business casual ensemble, they are easy to carry. Add-ons are a top that can go from day to night (such as a halter or a sleeveless piece) which can't be noticed under a blazer, needing only 30 seconds of improvisation to go from business to dinner party. And of course, a comfortable pair of heels can take you a long way.



5 DON'T WORK WHILE FLYING

The only time I remember doing anything work-related on a flight was when I was going to give a TED talk, and I really wasn't prepared for it. It was the only time I used my laptop on a flight. I usually prefer to prepare myself in advance, and the flight doubles up as my downtime. I don't opt for phone/WiFi connectivity, and as long as I am not tucked into the middle seat, I relax. I like my time on a flight – it's when I switch off and introspect, sleep or daydream.

6 HAVE A BACK-UP PLAN

I hate stopping to charge stuff, so I always carry back-up batteries. It makes life so convenient, especially on long day trips, because you can keep switching battery packs instead of waiting for your instrument to get charged. As my trips are usually feature back-to-back meetings, I have little room for delays or breaks in communication.

7 CHECK-IN FROM HOME

I can't place enough stress on how much time is saved due to this simple procedure. This way, I get to see my daughter off to school before flying, instead of standing in queue at the airport. Checking in the night before saves me so much time at the airport, and I also ensure that I get a window seat, instead of being stuck in the lovely middle seat between two chatterboxes.

8 THE SEAT TRICK

Okay, this is a trick that I usually don't tell people. When travelling with a companion, book a window and the aisle in the same row. There's a good chance that the middle seat won't get taken, but even if it does, you can always ask the third person to switch seats. But if the middle seat (which usually are the last to get booked) doesn't get occupied, you'll get the whole row. It can also backfire sometimes.



9 TECH IT UP

My Jawbone fitness tracker is usually great for trips because it tracks my activities, whether I am walking, jogging or sleeping. It's usually hard to work out on a tight business schedule, and I am definitely not one of those super-motivated people I see in health magazines. So the Jawbone helps alleviate the guilt by letting me know if I can manage to get my 10,000 steps in. I also check the mydala app whenever I visit a new place. With a presence in over 200 cities across the world, it's certainly a good app to check for local discounts and offers, whether it's for eating, watching movies or simply hanging out.



GET SOME SUITE SWAG

KING-SIZED LUXURY IS PASSE; FOR A TASTE OF OPULENCE GO PRESIDENT-SIZED. The spanking new suite unveiled at JW Marriott New Delhi Aerocity has all the trappings of a penthouse with a double dose of extravagance. The sprawling space has a tightly curated look that seeps indulgence–stained wood panelling, olive-hued leather, velvet furnishing and hand-made carpets. The bathroom is kitted out with imported marble, laquered panels and a sculptured charcoal tub. Soak in it and there's the danger of wanting to spend the next few hours cocooned in bubbles. Aesthetic elegance makes an appearance in the form of artwork by up-and-coming artists. The stretch of plush space is divided by a crystalline partition adding a touch of zest to the furnishings. There are two lavish bedrooms, walk-in closets, a butler's pantry and a show kitchen for the 12-seater dining table. On the sixth floor, thus are dreams spun.
Price on request **For more information** www.marriott.com



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Photographed on location at The Great Eastern Home.



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Classique Hora Mundi - 5717

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